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Edited for the Academy of Political Science by the Faculty of Political Science of Columbia University

Volume LXXIV March 1959 Number 1

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TRANSPORTATION: ACHILLES HEEL OF NATIONAL SECURITY

I

THE function of the transportation system in a modern economy has been likened to that of the circulatory system of the human body. Just as the degree of adaptability and reserve capacity in the circulatory system is of decisive importance in determining the extent to which the human organism can withstand unusual strain, so the degree of adaptability and reserve capacity of the transportation system sets limits to an economy's ability to withstand the unusual strain to which it is subjected by modern full-scale war. The present article is based upon the twofold conviction that our transportation system is not prepared to meet the requirements of a future full-scale war and that in neither official nor popular thinking is there full awareness of this fact and its implications.

One reason for this situation may be that those charged with the responsibility of planning national defense have become so preoccupied with the spectacular character and implications of satellites and intercontinental missiles as to have neglected the prosaic business of taking the measures necessary to insure that the transportation system will be adequate in the event of a future conflict. Yet neglect of the latter task may well prove to have as fatal consequences as failure to prepare for, and to maintain leadership in, space warfare. Unless corrective measures are taken, transportation may prove to be the vulnerable spot—the Achilles heel—in our provisions for national security.

A second contributing factor may be the belief in some quarters that the next war will be of a push-button character, fought with nuclear weapons which will decide the issue in such a short time that the adequacy of the transportation system could scarcely be a matter of decisive importance. There would probably be general agreement that, unfortunately, in all aspects of

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planning for national security primary consideration must be given to the very great risk of massive atomic attack. However, two points need to be made in this connection. First, there is at least some authoritative military opinion to the effect that even in a war involving nuclear weapons the importance of transportation will not be less, and may be greater, than in past conflicts. Second, responsible defense planning requires preparation not only for massive atomic attack but also for conflicts of a different character in which there can be no doubt that transportation will play as vital a rôle as heretofore.

In the third place the success of the inland transportation system of the United States in handling the greatly increased traffic of World War II may be responsible for some complacency concerning the ability of the transportation system to repeat this performance in a future conflict. However, closer consideration of the experience in World War II shows conclusively that there is no basis for such complacency. First of all, the transportation record of the last war is in considerable part attributable to good fortune rather than good planning. It was made possible by the existence of excess capacity in the railway system resulting from the heavy capital investment of the 1920's, by freedom from destruction by enemy action within the United States, and by the fact that there was time to build up a merchant marine, to expand air transport facilities and pipe lines, to provide a synthetic rubber supply, and to create a governmental organization which could take the steps necessary for maintaining essential transportation services. Furthermore, even with these advantages the transportation system met the needs of the war effort by a narrower margin than is commonly supposed. One official who had a prominent part in directing wartime railway operations has expressed doubt that the transportation system would have remained adequate if the war had been prolonged much longer. Finally, and of the greatest importance, the successful transportation record of World War II would not have been possible except for predominant reliance upon rail transport and the presence of excess capacity which permitted the railways to absorb the added wartime traffic. Yet there has been a sharp decline since World War II both in the proportion of total traffic actually handled by the railroads and in the proportion which they could handle in a future emergency, and national security has been correspondingly weakened.

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In order to visualize the transportation pattern of World War II it may be noted that railways handled 90 per cent of all traffic moving on government bills of lading, 97 per cent of all organized troop movements, from 67 to 71 per cent of the total military and civilian freight traffic (excluding coastwise and intercoastal) and from 65 to 76 per cent of the for-hire passenger transportation. They handled 83 per cent of the increase in traffic between 1941 and the peak year 1944. Among other agencies of transportation only oil pipe lines experienced a relatively larger increase in traffic, accomplished largely by the building of new lines. Traffic on inland waterways and the Great Lakes increased only 7 per cent, while traffic handled by trucks decreased 30 per cent and that of coastwise and intercoastal steamships 77 per cent. However, since World War II the transportation pattern has changed radically. Between 1946 and 1956 the railways' share of intercity freight ton-miles declined from two thirds to less than one half and their share of for-hire passenger transportation from two thirds to slightly over one third. In the case of freight the decline reflects largely the fact that motor trucks have more than doubled their share of the traffic during the period in question. The even sharper decline in the railways' share of the passenger business reflects the fivefold increase in the share of the traffic carried by airlines. A fact which is significant from the standpoint of national defense is that for-hire intercity passenger transportation is a minor part of the total; private automobiles accounted for 89 per cent of the intercity passenger miles in 1956, a slightly higher percentage than before World War II. Another significant fact is that, although highway freight transportation is growing in Russia, 83 per cent of the freight traffic was handled by the railways in 1955.

It is necessary at this point to state the considerations supporting the statement made above that the decline in railway capacity since World War II represents a serious weakness in our provisions for national security. Why cannot other forms of transportation be relied upon to carry a larger share of the traffic load in a future war as they have in peace? First, for technological reasons railways are much more efficient carriers of volume movements of freight than are trucks or airplanes, and military operations depend upon volume movements. To maintain an army of 1,000,000 men in World War II, 6,000,000 tons of freight

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were required for initial supply and 1,000,000 tons per month thereafter, and these figures are expected to be larger in a future conflict. In addition provision must be made for the mass movement of the men themselves. Bulk water carriers are also efficient in handling volume movements of freight but their usefulness is rather narrowly restricted by geographic and climatic factors.

Second, railways are far more economical of both fuel and manpower than are trucks or airplanes. It has been estimated that to produce a given number of ton-miles trucks require four to four and one-half times as much fuel and thirteen to twenty times as much manpower as in a rail movement; airplanes require twenty-five to thirty times as much fuel and eleven or twelve times as much manpower. The impending adoption of jet aircraft by airlines will greatly increase the foregoing differential in fuel consumption, although fortunately jet fuel—in effect, a mixture of gasoline and kerosene—is lower grade than aviation gasoline. It has been estimated that a DC-8 turbojet running eight hours per day will consume 300,000 gallons of fuel in fifteen days—as much as a DC-3, the standard plane of World War II, running the same number of hours per day, consumed in a year. A turbojet consumes more than twice as much fuel per mile as a modern DC-6B of similar size. The fuel requirements of jet aircraft also reduce the pay load which it is possible to carry on a long non-stop flight. It is reported that fuel may account for as much as 48 per cent of the gross weight of a Boeing 707 jet as compared with 33 per cent for a piston-engine DC-7. In the case of highway transportation it should be mentioned that automobile mileage per gallon of fuel has been reduced as a result of the trend toward higher horsepowers and automatic transmissions. Furthermore, the quality of gasoline provided for automobiles in a future war may deteriorate, as in World War II, because of the diversion of light hydrocarbons to the production of synthetic rubber and aviation gasoline; this will reduce the efficiency of modern high-compression engines designed for high-octane fuel.

In the light of the foregoing facts and the prospective oil supply situation, which will be further discussed below, it is safe to say that from a fuel standpoint it would not be possible in a future conflict to place the same relative reliance upon air and highway carriers as was placed upon railroads in World

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War II without impairing necessary supplies of gasoline for military use, local transportation, farming, and other essential uses. Likewise, manpower requirements would be such as to make exorbitant inroads upon both military and other essential civilian needs. As *Railway Age* remarked editorially, under the circumstances referred to, the army would soon run out of recruits.

Third, experience indicates that it is almost impossible to immobilize railroads more than temporarily by bombing or sabotage; by means of emergency repairs, by-passes, or rerouting, traffic is maintained with a minimum of interruption. The organization, equipment and know-how which enable railroads to minimize the effects of damage caused by flood, fire or accident in peacetime are similarly effective in overcoming the effects of damage by enemy action in wartime. These statements are abundantly documented in a recent monograph written by General J. A. Van Fleet, Commanding General of the 8th Army in Korea. To cite only one example, in the great air attack on Coventry in World War II, railway property received 122 bomb hits, yet the lines were open within forty-eight hours. It is also reported that in the atomic attacks on Hiroshima and Nagasaki, rail structures stood up among the best. This durability and recuperative power of railroads are of great importance in view of the possibility of extensive damage within the United States in the event of a future full-scale war.

Finally, the effectiveness of railway operation in wartime is greatly enhanced by the fact that the railroads have a national organization which can employ its delegated powers to control the use and distribution of equipment in close coöperation with the military authorities. By contrast, the national organizations in the bus and truck industries have no similar authority over the use and distribution of equipment by their members, so that a large number of individual negotiations would be required to mobilize equipment for defense purposes. Moreover the administration of programs for rationing fuel, tires, etc. is greatly complicated by the existence of thousands of carriers which are not regulated by, and do not normally report to, any federal agency, and which are believed to make much less intensive use of fuel, equipment and manpower than do regulated common carriers.

If the foregoing argument be accepted, it is necessary next to

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determine whether the railways will be able to carry the load which will have to be placed upon them in a future conflict. This requires an estimate of the prospective traffic volume, which in turn must rest upon assumptions concerning such matters as the degree of mobilization, the duration of the conflict, the extent of destruction by enemy action within the United States, and the impact of rationing of fuel, tires, etc. upon air and highway carriers. Fortunately there is available an official estimate made by the Office of Defense Mobilization in 1954. According to this estimate the total traffic volume in the third year of full mobilization may be expected to reach 1,667 million ton-miles, excluding coastwise and intercoastal traffic, a figure 23 per cent above the 1956 level and 53 per cent above that of 1944, the peak year of World War II. In view of the foregoing comments it is not surprising to find that the railways are counted on to carry 64 per cent of the total traffic, a share not greatly below that of World War II. This would require them to carry 62 per cent more traffic than they carried in 1956 and 42 per cent more than in 1944.

There is some doubt as to whether railway trackage and terminal facilities could handle an increase in traffic of the foregoing magnitude. On the one hand, the Conway Committee, a group of railway consultants appointed by the Office of Defense Mobilization in 1954, expressed the opinion that these facilities would be generally adequate in view of the continuing program of improvements since World War II, averaging $345 million per year. On the other hand, when the latter expenditures are adjusted for changes in construction costs, they are only about equivalent to the expenditures during 1936-40, a period of generally low traffic volume. Furthermore the increase in traffic would not be spread evenly over the railway network but would be concentrated on certain main lines and routes, with a consequent danger of serious congestion. It is true that there is growing use of Centralized Traffic Control, which increases the capacity of a single-track line by 75 to 85 per cent, but the use of this device cannot fully offset the loss of capacity represented by the abandonment of 3,200 miles of multiple main track between 1946 and 1956.

There is also some uncertainty as to whether the present supply of motive power would be adequate to handle an increase in traffic of the magnitude just mentioned. The total tractive

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force of locomotives in 1956 was 19 per cent below that of 1944 but the figures for the two years cannot be compared directly because of the wholesale shift from steam to diesel power. Diesel locomotives are more efficient than steam and are available for use more hours per day. The Conway Committee found, as of 1954, that the existing motive power would be adequate to handle the traffic projected for the first year of mobilization but would fall short by 1,125 units of the number necessary for the projected full mobilization level. Even this was under the most favorable assumptions—a seven-day work week, adequate manpower for inspection and maintenance, a previous stockpiling of component repair parts, and relaxation of inspection, maintenance and testing standards. Since 1954 a large number of diesel units have been added to replace steam locomotives retired, but the aggregate tractive force of the locomotives has further declined. Hence it is not certain what the Committee's findings would be under the present situation. However, President Symes of the Pennsylvania Railroad, in recent testimony before the Smathers Committee, expressed the opinion that at the present time the maximum volume of freight traffic which could be handled by the available motive power would be 5 to 8 per cent below even 1944.

By contrast to the uncertainty concerning the adequacy of road property and motive power, the situation with respect to freight and passenger cars is strikingly clear. The number of freight cars available in 1957 has been estimated at 1.4 per cent below the number in the peak World War II year 1944 and the aggregate capacity 5.8 per cent greater than in the latter year. Taking into account the fact that 24 per cent of the freight cars are over thirty years old and 36 per cent are over twenty-five years old, and assuming a six- or seven-day work week, it seems clear that the volume of traffic which could be handled in a future emergency would be but little above that of 1944. The Conway Committee estimated in 1954 that 320,000 additional cars would be required to carry the maximum volume of traffic projected by the Office of Defense Mobilization, and the number of freight cars available in 1957 was approximately the same as in 1954.

The situation with respect to passenger-carrying cars is the worst of all. The number of such cars, including 1,066 retired sleeping cars stored under control of the Department of Defense,

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declined 28 per cent between 1944 and 1956, and the aggregate carrying capacity by 30 per cent. Of the cars presently available one half are more than thirty years old and over two thirds are more than twenty-five years old. Taking into account a statement by the Department of Defense that there would be an estimated 20 per cent reduction in troop training movements as compared with World War II and allowing for the cars stored by the Department of Defense, the Conway Committee found, as of 1954, that 3,434 additional cars would be required to meet maximum mobilization needs in a future emergency. After allowing for 156 additional retired sleepers to be placed in the Defense reserve there was a net increase of 1,284 cars in the above deficit between 1954 and 1956. More recently Major General Samuel R. Browning, Deputy Chief of Transportation of the Department of the Army, in testimony before the Smathers Committee, estimated mobilization requirements at 6,731 coaches and sleeping cars, or roughly 50 per cent of the number available. However, it is noteworthy that he pointed out that coaches would have to be used in place of sleeping cars for some long-distance troop movements since the requirements for the latter cars were 398 in excess of the number available.

Neither of the foregoing estimates makes any attempt to include the requirements for essential civilian travel, yet the volume of the latter would undoubtedly be greater than in World War II. The writer estimates that if the same proportion of the 1956 traffic were handled by for-hire carriers as during the World War peak year 1944, and if airlines and intercity bus operators increased the load factors of their present equipment to the maximum level of World War II, the railways would have to handle well over twice as many passenger miles as in 1944. Actually they would doubtless have to handle even more because more than one fourth of the present fleet of planes is earmarked for a reserve air force fleet and because of the likelihood that fuel rationing in a future conflict would be more severe than in World War II with a consequent greater shift to for-hire transportation. Finally, in the event of widespread destruction by atomic attack the requirements for mass movement of people would be still greater.

Since all forms of transportation, including railroads, depend upon petroleum fuels, it is necessary to say a few words about the prospective petroleum supply situation. The ultimate limit

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of the supply, of course, is the amount recoverable in the United States plus the amount that can be imported, a matter which the Paley Commission aptly refers to as "the great enigma of future energy supplies." The general view appears to be, however, that in the event of a national emergency within the forseeable future the practical problem will not be sheer inability to increase the supply of oil; rather, the limiting factors will be time and the quantity of manpower and materials that can be devoted to increasing production and facilities for transportation and refining. Whatever the ultimate quantity of recoverable oil may be, it is certain that ultimately the supply will dwindle, and meanwhile it is to be expected that a progressively increasing quantity of manpower and materials will be required to produce successive increments of supply. Despite improvements in the technique of drilling and exploration, existing trends indicate that the resources required per well are increasing as wells become deeper and are drilled in less accessible locations. A notable example is the development of the under-water continental shelf off the Gulf Coast, one of the most promising sources of future supply. It is reported that the annual reserves proved per foot drilled declined from 31.2 barrels of crude oil in 1936-40 to 18.6 barrels in 1951-55. Likewise it may be expected that there will be a continuing trend toward an increased percentage of dry holes and a decrease in the average size of pools discovered. The ratio of success in the total number of new-field "wildcat" wells in fields having an ultimate recovery of one million barrels or better was reported as 1 in 37 in 1944 and 1 in 71 in 1953; the ratio of success in discovering larger pools was far less favorable.

With regard to existing fields the Paley Commission held that many oil wells now being operated below their maximum capacity because of state production restrictions could not be brought up to their maximum efficient rate of recovery and that, even by operating wells above their maximum efficient rate at the expense of reducing the total volume of recoverable oil, production could not be increased more than 10 to 15 per cent. As to oil shale, the Commission held that large-scale development with present technology might require a quantity of manpower and materials comparable to that required in the atomic energy program in the last war, and that such a diversion of resources from other essential uses might hurt national security more than

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it would help. In view of the foregoing considerations the Commission urged that there be developed an "underground stockpile" of semi-proved oil deposits which could be developed quickly and with a minimum expenditure of resources. However, with a high and rising national income the rate of increase in demand for petroleum products tends to equal or exceed the rate of growth of new supplies, and, this being the case, there is no indication at present that the Committee's advice will be followed. Finally, it seems probable that we can rely upon increasing imports of oil from Canada, although at present it is difficult to estimate the amount that might be available; once again the limiting factors will be time and the quantity of resources available for increasing the facilities necessary to transport and refine increasing quantities of Canadian oil. Likewise there is uncertainty concerning the extent to which off-shore imports of oil could be relied upon in the event of a future conflict.

Taking into account the fact that an increasing quantity of manpower and material will be required to increase the quantity of crude oil by a given amount, that in a future conflict it would be very difficult to allocate a larger proportion of the available resources for this purpose than in World War II, in view of other heavy and growing demands of modern war, and that the import situation is surrounded by uncertainty, the most optimistic conclusion would be that in a future conflict we would be in about the same relative position with respect to petroleum supply as in World War II, and it would be safer to assume that we would be in a somewhat less favorable situation. Moreover, the foregoing discussion has assumed freedom from atomic attack, bombing and extensive sabotage; unfortunately there is grave danger that this assumption may prove contrary to fact, in which case, of course, the petroleum supply situation would be much worse than in World War II. The foregoing considerations underlie the statement made above that the fuel requirements of air and highway carriers are such that principal reliance could not be placed upon them in a future emergency. Furthermore, not only are railways more economical in the use of fuel but it is possible that in a future emergency pressure on the supply of diesel fuel used by them may be less than on the supply of gasoline used by air and highway carriers, although the writer can offer no statistical verification of the extent to which this may be true.

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II

The satisfactory functioning of the economy depends no less upon adequate provision for the essential movements of individuals within their home communities than upon adequate provision for other transportation functions. Although the situation varies as among communities of different sizes as well as among communities of similar size, there is a predominant and growing over-all dependence upon the private automobile in local transportation, a circumstance which renders local transportation highly vulnerable from the standpoint of national security.

As with intercity transportation, both the magnitude of the requirements to be met by local transportation in a future conflict and the extent to which vehicles, fuel and operating supplies will be available are necessarily matters of opinion and would depend upon the nature and duration of the conflict and the degree of mobilization involved. However, on the basis of the probable demand and supply situation for fuel alone, and assuming full mobilization, there is, in the writer's view, a strong basis for the following conclusions: (1) that with the same proportionate reduction in fuel available for private automobiles as was made during World War II, it is doubtful whether all requirements for essential local transportation could be met, (2) that it is highly probable that it will be necessary to make a greater proportionate reduction in the quantity of fuel available for private automobiles than was made during World War II, and (3) that, as a consequence of the foregoing, it seems probable that with our present and prospective degree of dependence upon private automobiles we would be unable fully to meet our requirements for essential local transportation.

Turning to the considerations supporting the foregoing conclusions, it should be pointed out that even if the over-all petroleum supply situation were as favorable as in the last war there are persuasive reasons for believing that the proportion of the gasoline supply available for use by private automobiles will be considerably smaller than in World War II. First, although there is necessarily considerable uncertainty concerning the magnitude of military requirements for gasoline in the event of another war, it would be unsafe to assume that the requirements would be much less, relatively, than in World War II. It might be contended that the switch to jet aircraft will reduce the

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demand for gasoline, since jet fuel is of lower grade; however, aviation gasoline is an ingredient of jet fuel and the rate of fuel consumption by jet aircraft is so high by comparison with the fuel consumption by World War II planes that there may not be any very substantial reduction in the demand for aviation gasoline. It should also be kept in mind that in the event of war involving European allies the virtual certainty that the Middle Eastern oil supplies relied upon by the latter will be sharply reduced, if not cut off completely, would greatly increase the pressure on American sources of supply.

Second, as previously stated, the contraction of railway facilities resulting from the rise of competing forms of transportation implies that in a future emergency it will not be possible for the railways to carry as large a proportion of the total intercity traffic, especially passenger traffic, as in World War II, and hence that there will necessarily be increased dependence upon intercity air and highway transportation. In view of this fact and the fact that the latter forms of transportation, particularly air transportation, are relatively uneconomical users of fuel as compared with railways, a larger proportion of the available gasoline supply will have to be allocated to intercity air and highway transportation than in World War II. It should be noted in this connection that gasoline allocated for automobile consumption will have to be divided between local and intercity use. That intercity use will absorb a substantial share may be inferred from the fact that 45 per cent of the mileage run by automobiles during the most stringent period of World War II rationing was on rural roads. Hence a dilemma is presented: unless a larger proportion of gasoline is allocated to intercity air and highway transportation than in World War II, the railways will be overtaxed, but increased quantities of gasoline allocated for this purpose may make it impossible to meet all the fuel requirements for essential local transportation.

Finally, there has been a great increase in another high-priority use of gasoline, namely, in connection with farming. Between 1945 and 1956 the number of trucks and tractors on farms doubled while the number of horses and mules decreased by two thirds. As a result of this increased mechanization a larger proportion of the available gasoline would have to be allocated to farm use in the event of future emergency than during the last war.

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The foregoing analysis relates to the problem of local transportation as affected by the supply of fuel. There must next be considered the demand side of the problem. The question presented is, can the use of private automobiles in local transportation be curtailed to the degree dictated by the probable reduction in the available supply of fuel without infringing on essential local transportation and impairing the war effort? Stated otherwise, will the quantity of gasoline required for essential local transportation by automobiles exceed the available supply? In dealing with this question it must be kept in mind that, as in the analysis of the fuel supply situation, the answer depends upon the assumptions made with respect to the nature and duration of the conflict and the degree of mobilization involved. The following analysis will be based on the same assumptions as those relating to the fuel supply—full mobilization and freedom from extensive destruction by enemy action.

The curtailment of automobile use which would be required if the fuel supply situation were less favorable than in World War II would be severe. The maximum reduction in gasoline available for passenger car use during the latter period has been variously estimated at from 42 to 53 per cent, and the maximum reduction in mileage run by passenger cars has been estimated at 36 per cent in urban areas, about 46 per cent on rural roads, and 41 per cent over-all. Nevertheless it has been held by some that, if compelled by a smaller gasoline supply, a reduction in automobile use considerably greater than the foregoing could be made without impairing essential local transportation. Two arguments are advanced in support of this contention. First, it is pointed out that, although the stringency of rationing varied from time to time and from one area to another during World War II, all automobile owners received at least a basic ration of gasoline; hence it might be presumed that some automobile use was permitted that was not absolutely essential under wartime conditions. Second, attention is called to the fact that automobile registrations have increased much faster than population since World War II. Thus between 1941 and 1956 the number of persons per car declined from 4.5 to 3.0; between 1941 and 1957 the percentage of families owning cars increased from 51 to 75; and between 1948 and 1957 the percentage of families owning more than one car increased from 3 to 13. It has been suggested that this trend reflects primarily the growth

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and leveling up of personal incomes since World War II, and hence that the proportion of car use which could be considered nonessential in the event of a future conflict would presumably be greater than at the outbreak of the last war.

However, in the writer's view, there is stronger support for the opposite conclusion that the proportion of present automobile use in local transportation which it would be essential to maintain in the event of a future war is larger than formerly, although it may be readily agreed that this increase in proportion has been less, relatively, than the increase in the number of automobile registrations. One consideration supporting this conclusion is that the increase in automobile ownership accompanying the post-war increase and redistribution of personal incomes has led to a dispersion of population in urban areas. While an increasing proportion of the population is urban, central city areas have experienced a very slow growth, but the growth of suburbs has been tremendous; between 1950 and 1955 the growth rate of the latter was seven times that of the former. This shift of population to sprawling suburban areas has increased the amount of local transportation required for movement from home to work and other essential activities of daily living; at the same time the high degree of car ownership which has encouraged and made possible this type of living, plus the low population density per route mile, has made the development of adequate public transportation in such areas unprofitable.

Second, there has also been a shift of population and industry from large to small and medium-sized cities. The fact that the trend toward suburban living has been prominent in these communities, as in the case of large cities, plus the fact that problems of parking and traffic congestion are less serious than in the latter, has resulted in an even greater reliance upon the automobile for local transportation than in large cities, with a correspondingly greater decline in the availability of public transportation. Thus between 1950 and 1955 transit patronage in cities of 1,000,000 population and over dropped 26 per cent, while in cities of less than 50,000 population it dropped 49 per cent. For the entire period 1946-56 the number of revenue passengers handled by surface transit facilities declined by 53 per cent in cities of 500,000 population and over and by 66 per cent in cities of less than 50,000 population. That transit

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patronage has declined less in large than in small cities is also shown by the fact that during the same period the number of rapid transit passengers declined by only 35 per cent and the number of commutation passenger miles on railroads has remained almost constant since 1951, at about 20 per cent above the 1936-40 level.

Third, there has been a notable shift in population and industry from the area east of the Mississippi and north of the Ohio to certain states in the South, Southwest and Far West. Many communities in these states have had their principal growth in the automobile age and hence have never had as extensive development of public transportation as communities in older sections of the country. Consequently reliance upon the automobile is necessarily much greater than elsewhere. It should also be noted that there is necessarily greater reliance upon the automobile for intercity transportation in the West and Southwest than elsewhere since relatively sparse population and substantial distances between population centers have not made feasible as extensive a development of public intercity transportation as in other areas.

Thus the increase in population and industry since World War II has been greatest in those localities and areas where public transportation has declined the most or has had the least initial development. Hence in a future conflict the war effort will be concentrated to a greater extent than formerly in localities where there will be the least opportunity to switch to public transportation as the supply of gasoline available for automobile use diminishes. It is significant that during the period 1941-44 the number of passengers using rapid transit facilities increased 8 per cent and the number using surface transit facilities in cities of 1,000,000 population and over increased about 37 per cent, while the number in cities under 50,000 population increased 148 per cent. These figures indicate that almost certainly in the event of a future war existing transit facilities in smaller cities would be seriously overtaxed. The same comment applies to some large western cities where dependence upon the automobile is very great, notably Los Angeles.

Nor could this situation be remedied in a future emergency by redistributing the existing stock of transit vehicles. The over-

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all decline of 54 per cent in transit patronage between 1946 and 1956 has been accompanied, inevitably, by an over-all shrinkage in the supply of transit facilities. A study made by the transit industry in 1950 found that, on the basis of certain assumptions regarding the staggering of working hours and the availability of fuel, repair parts, and manpower, the transit vehicles then available could handle 26 billion passengers annually, as compared with the 23 billion peak during World War II. However, on the same assumptions the transit vehicles available in 1956 could handle only 20 billion passengers annually—a decline of 3 billion, or 13 per cent, below the World War II peak. Yet the civilian population increased by an estimated 19 per cent between 1946 and 1956 and employment in the latter year was about the same percentage above the World War II peak. Thus transit capacity has been declining while the need for local transportation has been increasing.

In the writer's view, the foregoing analysis, coupled with the fact that there is no reason to expect that in a future emergency the supply situation with respect to tires, repair parts, and manpower for repair work will be relatively any more favorable than in World War II, amply supports the previously stated pessimistic forecast concerning our ability to provide for all essential local transportation in a future full-scale conflict. And it must be remembered that this pessimistic forecast rests upon the most favorable assumptions that could reasonably be made—an over-all petroleum supply situation relatively as favorable as in World War II and freedom from extensive destruction by enemy action within the United States.

Altogether apart from the foregoing conclusion, the prospect that almost certainly we will not be able to provide every automobile owner with at least a basic fuel ration, as in World War II, will give rise to serious administrative and political problems. It will be necessary to decide which car owners are entitled to fuel rations on the basis of essential use and to arrange for the transfer of cars from nonessential to essential ownership. Compulsory car-pooling would be cumbersome to administer but will doubtless be required in order to mitigate the local transportation problem. Increased maintenance will be required to prevent deterioration of cars made idle for long periods by lack of fuel and also for essential cars which will be subjected to abnormally heavy use. Lack of a fuel ration will

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deprive many families of the use of a car in emergencies and may also further increase the burdens on public transportation.

III

The weaknesses of our transportation system, both intercity and local, which have been analyzed in the foregoing pages derive basically from two related trends: a shift from rail to highway and air transportation and a shift from for-hire to private transportation. Corrective measures must therefore be of a sort which will modify or supplement these trends. Considering first intercity transportation, the most fundamental corrective measures required are those which are of primary importance in peace no less than in war, namely, measures which will insure that the trends in division of traffic just referred to reflect true economic advantage in the form of lower social cost and not artificial advantages derived from subsidies or tax and regulatory inequalities. There is also urgent need of modernizing the railway rate structure by eliminating any "umbrella" rates maintained to protect high-cost competitors and by reducing the scope of discrimination in rate-making to reflect the pervasiveness of inter-carrier competition. Lack of space precludes elaboration and qualification of these propositions.

Although it is impossible to predict the extent to which the decline in railway traffic and in the capacity of railway plant would be arrested or reversed if all artificial handicaps of the railways were removed, it is a safe guess that even under these circumstances, in view of the extent to which the pattern of transportation has changed since World War II, the optimum level of railway capacity from a peacetime, profit-making standpoint would prove to be smaller than the optimum capacity from the standpoint of national defense. In any event, it has been shown above that under present conditions the railways lack the equipment, and possibly the motive power, to handle the volume of traffic which the Department of Defense has estimated that they would have to carry in a future emergency. Therefore, it would seem to be prudent for the Department of Defense to maintain a stand-by stock of equipment sufficient to offset this deficiency. Such a program has been criticized on the ground that it would be unduly expensive, but it would probably be less expensive than the program for a reserve merchant

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fleet and would be at least as essential from a defense standpoint. Moreover the imposition of charges for the use of airways and waterways—a desirable step in any case—might produce a budgetary saving equal to or greater than the cost of this program.

Consideration must also be given to the conclusions of Examiner Howard Hosmer, of the Interstate Commerce Commission, in his recent widely noted report, to the effect that, if present trends continue, railway sleeping and parlor car service will be almost extinct by 1965 and coach service (other than commutation) by 1970. If this forecast be accepted as even approximately accurate, it will manifestly be necessary to take steps to insure the availability not only of an adequate supply of passenger equipment but also of adequate passenger motive power, facilities, personnel and organization. This would require provision in the defense budget for a subsidy sufficient to cover the out-of-pocket loss incurred as a result of the minimum level of passenger service which it is deemed necessary to maintain. It is important to note that the amount of the subsidy should be based on the carriers' out-of-pocket loss in the passenger service and not on the deficit on passenger service reported under I.C.C. accounting rules. The danger that such a subsidy may be abused and may establish an undesirable precedent is clearly great but the importance of rail passenger transportation to national defense is such as to require that the risk be taken.

As indicated above, the situation of the railways from a defense standpoint is better in the case of tracks and terminals than in the case of equipment, although there may be some doubt as to the ability of the heavy traffic routes to carry the prospective wartime load. However, this situation threatens to change for the worse unless prompt action is taken. Consolidation has long been urged as a necessary step in strengthening the financial position of the railways and several important mergers are currently under consideration. One of the principal benefits expected from such mergers is the elimination of duplicate facilities. While this may be desirable from a financial standpoint, it will have the effect, at least in some cases, of removing excess capacity required in the interest of national defense. The appropriate remedies for this situation are less clear and present more difficulties than in the case of providing the necessary railway equipment. One possibility would be for the Depart-

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ment of Defense to pay a subsidy equal to taxes and the minimum cost of maintenance on facilities which are found to be superfluous in peacetime but which provide essential reserve capacity for defense.

It must be repeated, however, that efforts should be concentrated on measures which will insure that the railways secure all the traffic which they can handle at lower social cost than their competitors, and that the foregoing and similar measures be undertaken only to the extent that optimum railway capacity from an economic standpoint remains below the level required by considerations of national defense.

The adaptation of local transportation to the requirements of national defense is a more complicated problem than that of intercity transportation, being involved in the problem of over-all urban and metropolitan area planning, and is one for which no comprehensive solution is at hand. The basic difficulty is that considerations of national defense call for predominant reliance upon public transportation whereas personal comfort and convenience in most instances dictate predominant reliance upon private transportation, and the pattern of urban living and of location of industry has been adapted to this fact. Under these circumstances there is virtually no possibility of adopting measures which will increase the rôle of public transportation to the extent required by considerations of national defense. Even if this result were possible, it is not clear that it would be consistent with the requirements of over-all urban planning. An additional difficulty is that planning for defense must be on a national basis whereas local transportation by its nature can be influenced by national policy only indirectly if at all.

Under the circumstances the best that can be done is to take measures which will stabilize, and perhaps bring about a modest expansion in, the rôle of local public transportation. First, the use of automobiles can and should be controlled to some extent by measures designed to minimize traffic congestion, especially in downtown areas; these measures include in some instances a requirement of off-street parking and in others a level of on-street parking charges high enough to insure a rapid turnover in the use of space. The effect of these and similar measures would be to increase the expense of using automobiles at times and places where traffic congestion occurs and thus to discourage somewhat the use of automobiles under these conditions. Sec-

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ond, some form of tax relief and/or subsidy will be necessary in most cases. Wilfred Owen, in his recent comprehensive study of urban transportation problems, suggests what amounts to a pooling of revenue from all forms of local transportation. He would have a portion of the gasoline tax revenue generated in urban areas used to subsidize public transportation, on the ground that automobiles and buses use streets in common, that automobile users rely upon public transportation when cars are not available, and that the maintenance and extension of public transportation reduce the volume of street and highway capacity required to handle peak traffic movements and thereby reduce the financial burdens on automobile users. Owen points out that it is more logical for urban automobile users to subsidize urban public transportation than to subsidize users of local rural roads, which to some extent is the situation under present allocations of gasoline tax revenue. Third, there should be further experimentation in the pricing of urban transportation with the objective both of increasing revenue and of maximizing utilization of facilities.

Finally, the increasing extent to which the federal government assists in providing facilities for local transportation by sharing in the cost of urban extensions of the federal-aid highway system will do more harm than good unless consideration is given to the appropriate rôles of public as well as private local transportation and the relation of both to over-all community plans. Therefore, urban highway grants should be conditioned on the presentation of community plans which include appropriate provision for public transportation, and this requirement might have the further desirable effect of providing an additional incentive to localities to maintain public transportation necessary in the interest of national defense. Some would go further and provide federal subsidies to local public transportation as a supplement to urban highway grants. However, even if the foregoing and other measures thus far suggested were adopted, it is probable that, unfortunately, local transportation would remain a vulnerable spot in the armor of national security.

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THE ASWAN DECISION IN PERSPECTIVE

THE CRISIS which flared up in the Fertile Crescent during the summer of 1958 buttressed an already firm conviction in many Western circles that the disturbances which have shaken the Middle East since 1956 stem somehow from the American decision to withdraw the Aswan Dam offer. Had the United States not offended Nasser's *amour propre,* so it is frequently argued, the West's position would not have deteriorated as it has. The Canal Company would not have been nationalized; the Anglo-French invasion would not have occurred; Iraq, Jordan and the Lebanon would not have been torn by civil strife because of their pro-Western policies. The Aswan decision is thus set forth as a turning point in the political relationship of the West and the Arab peoples. If this interpretation be correct, then it would seem that the international storm winds which have blown through the Middle East in the last two years must be traced to an American policy blunder. Such a charge has often been uttered in Western Europe and in the United States. Consequently, it may prove worth while to review in some detail the American determination to cancel the offer of aid for the High Dam. This decision, oddly enough, represented the most dramatic attempt made by the United States up to that time to take the political initiative in the Middle East. Some of the factors which entered into this decision must still be weighed by American policy makers in their efforts to analyze the complex problems of the Arab region.

The withdrawal of the aid offer coincided with the end of the Brioni meeting of Nehru, Tito and Nasser, which had been oversold to the Egyptian people as an international conference of major significance—a tête-à-tête of the neutralist "Big Three". The Cairo press had billed the Brioni talks as the culmination of a month of unprecedented achievements in the life of modern Egypt. The last British soldier had just left the Suez Canal Zone after seventy-four years of occupation. The Soviet Foreign Minister had recently visited Cairo and reviewed an impressive Egyptian military display. On June 23, Nasser had received 99.8 per cent of the popular vote in the country's first presidential election.

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At Brioni, Nasser found himself thwarted in his efforts to obtain Indian diplomatic support for the cause of the Algerian nationalists, who maintained their political headquarters in Cairo. The Egyptian leader's triumphal march was temporarily slowed down by Nehru, who may have seen in the 38-year-old Nasser a rival for the leadership of the Afro-Asian community. This moderate setback to Nasser's regional ambitions, however, could easily have been glossed over in the government-guided Egyptian press. It was much more difficult for the Cairo newspapers to make palatable the rebuff contained in the United States State Department's announcement on July 19 that it deemed American financial assistance for the High Dam "not feasible in present circumstances."

The Egyptians were totally unprepared for such a startling policy reversal. For months, the press had taken the offer for granted, as though it depended only upon a definite "yes" or "no" from Nasser. The régime had, within a relatively short time, turned the idea of the Aswan Dam into a popular symbol of reform, development and a higher standard of living. It was to be a project of breath-taking proportions, "seventeen times greater than the Great Pyramid of the Pharaohs." Once completed, it would increase the area of cultivatable land by 25 or 30 per cent, and thus help to keep pace with Egypt's expanding population. It would permit one or two additional crops to be grown on 700,000 acres of land which could now be watered only during the flood season. It would reduce flood damage, prevent the loss of precious silt, and facilitate more regular river navigation. Finally, it would produce 10 billion kilowatt-hours of electricity to power new industries. The start of construction was deemed so imminent that editors were warning that the dam must not be allowed to become a "second Suez Canal".[1]

Under the American offer, which had been formally set forth in December 1955,[2] the United States was supposed to furnish grants in the amount of $56,000,000, to be supplemented by a British grant of $14,000,000. The aid was intended to defray foreign exchange costs during the first five years of the construction work on the coffer dam and the foundations of the

[1] See Editorial, *Al Kahira*, June 22, 1956.

[2] *Department of State Bulletin*, vol. 33, December 26, 1955, pp. 1050-1051.

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main dam. The Western allies also agreed to give sympathetic consideration to the notion of subsequent grants and loans totaling $130,000,000. It was further expected that, upon the completion of the first phase of the work, the World Bank would meet the continuing foreign exchange costs of the project by advancing a $200,000,000 loan at 5 per cent interest for forty years. Thus the combined Anglo-American and World Bank assistance was expected to amount to $400,000,000. The total cost of the Aswan High Dam over a period of some fifteen years was usually estimated in Western quarters at $1,300,000,000.[3] Egypt was considered capable of meeting the bulk of the costs of labor and basic construction materials, since these would not directly give rise to foreign exchange difficulties.

In June 1956, Soviet Foreign Minister Dmitri Shepilov was reported to have tendered Nasser an offer of a $1,120,000,000 loan for twenty years at 2 per cent interest.[4] On the surface, this appeared to be a more generous offer than the West's. It was said to cover not only the foreign exchange costs but even the internal costs of the project, although why such a comprehensive financing scheme was thought necessary was never made clear. During Shepilov's visit to Cairo, rumors of Soviet aid projects flew thick and fast. Nasser apparently hoped that he might induce the United States to raise its figure by creating the impression that Moscow was seriously bidding for a rôle in the execution of the High Dam scheme. He stood to gain —so he probably thought—if he could arouse Washington's fears that the Russians might use the High Dam project to establish their first foothold on the African continent.

There is no clear evidence, however, that the Soviets ever submitted to Egypt a plan as definite as the one formulated by the United States, Great Britain and the World Bank. The reports of Soviet aid offers emanating from Cairo were more frequent than they were detailed. Shepilov's tour through the

[3] Originally, the Egyptian Foreign Minister had presented to the World Bank a proposal for a dam to cost $700,000,000. *Middle East Economist,* November 1953, p. 93. Later, a leading Egyptian periodical set the total cost at $960,000,000. "The High Dam or the Final Round", *Egyptian Economic and Political Review,* January 1956, p. 45.

[4] *New York Times,* June 20, 1956. A similar offer of a Soviet loan on the basis of a long-term barter for rice and cotton had been reported in the *Middle East Economist,* December 1955, p. 1.

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Middle East was made the occasion for a great deal of unfounded speculation. Nasser seemed reluctant to make up his mind on the Western financial proposal until after his talks with Shepilov. As for the latter, so long as he restricted his public utterances to vague promises and assurances of friendship, he did not run any serious risk of being subsequently embarrassed. Should his flirtations with Egypt prompt the West to raise its ante, this would hardly redound to his diplomatic discredit throughout the region. A few days after Shepilov's departure, a spokesman of the Soviet Embassy in Cairo denied awareness that the Foreign Minister had advanced any aid offer.[5] No authoritative Soviet source ever came forth with a specific financial plan, publicly spelling out in black and white the amount of the loan, the means of capital transfer, and the precise terms involved.

Nasser, the tactical neutralist who was anxious to make some headway toward internal economic development, had little choice but to commit himself, at least partially, to the side which currently held out better promises. In mid-July, he sent Ambassador Ahmed Hussein back to Washington to inform the State Department that Egypt was ready to get down to business on the Aswan Dam.[6] In reply to this *démarche*, the State Department said that "the ability of Egypt to devote adequate resources to assure the project's success has become more uncertain than at the time the offer was made."[7] The original plan, it was pointed out, had included the assumption that an early agreement would be reached by Egypt and the Sudan on Nile water distribution rights. No such agreement had been concluded, nor did it seem to lie within reach. According to the American announcement, the problem of the riparian

[5] *Al Ahram*, June 30, 1956.

[6] Some confusion arose later with regard to Ambassador Hussein's precise instructions. According to President Nasser, Hussein had merely been directed to request replies to Egypt's previous memoranda on the subject. See President Nasser's Address at Alexandria Nationalizing the Suez Canal Company, July 26, 1956, translated by Misr Egyptian News Agency (MENA). But the Egyptian Embassy in London subsequently announced that the Ambassador had been "instructed to inform the United States Government that Egypt was accepting Western aid to finance the Aswan High Dam." *The Times Weekly Review*, August 2, 1956.

[7] Text of the announcement in *The New York Times*, July 20, 1956.

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rights impasse constituted a major obstacle to proceeding with the High Dam project.

The question of water distribution was by no means a fabricated issue. Most political leaders in the Sudan, which had only a few months previously been admitted to the United Nations as a sovereign republic, were opposed to the High Dam plans. They wanted to be assured of a greater share of the Nile waters for the Sudan's own agricultural development projects before the Egyptians should undertake construction at Aswan. The Egyptians laid the blame for this recalcitrant Sudanese attitude upon the British personnel who remained at Khartoum. From the beginning, the British government had been cool toward the High Dam scheme, but nevertheless tagged along as an unenthusiastic partner of the United States. London preferred a regional system of watershed control and multiple barrages encompassing, along with Egypt, all the countries of the upper Nile Valley—the Sudan, Kenya, Uganda, Tanganyika and Ethiopia.[8] British engineers were of the opinion that such a valley development project would prove much more productive and efficient than the High Dam, for it would regulate the Nile at its sources and at key points along its length instead of merely providing a mammoth stop-gap in the last stage of the river's course.

Egypt, as one might have expected, was not willing to discuss a valley development scheme under which several of the key points controlling the flow of the Nile would lie in *Africa irredenta*. For decades, the Egyptians have suspected the British of holding the threat of "water politics" over their heads in the Nile Valley. Following the Anglo-Egyptian penetration into the Sudan at the close of the nineteenth century, there were no doubt at least some Britons who viewed the control of the Upper Nile as the key to the British position in Egypt. After the Egyptians achieved national independence in 1922, they continued to fear that if they should cause any trouble in respect of Britain's "imperial communications" (that is, the Suez Canal), the British might retaliate by redistributing the

[8] *The Observer*, July 22, 1956. The technical aspects of various valley development proposals are discussed in H. E. Hurst, *The Nile* (London, 1952), chapters 16 and 17. See also the remarks of Labor member M. Philips Price in Parliament on July 23, 1956. *Parliamentary Debates*, Commons, 5th Series, 1956, vol. 557, c. 96.

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Nile waters.[9] This fear, however, was not too well founded. In the Nile Waters Agreement of 1929, Great Britain showed great concern for Egypt's vital needs. Although the Sudanese frequently complained that they needed more water than they were allotted,[10] the British, so long as they determined policy in the Sudan, meticulously protected Egypt's water interests.

It is doubtful that British public opinion after World War II would have tolerated "water politics" in the negotiations over Egypt's "two national aspirations"—the Sudan and the Suez Canal—but an intimate connection between the two issues was recognized.[11] Since Egypt's case in the Sudan was much less clear-cut than it was in the Canal Zone, the Cairo government deemed it advantageous to give precedence to the evacuation of the former.[12] The Labor government agreed to place the Sudan question on the negotiations agenda prior to the Suez question, and the Churchill government, after returning to power, acquiesced in this decision. The Egyptian leaders, not knowing what course events might take in a free Sudan following the departure of the British, demanded the union of the two Nile Valley states. The British favored full independence for the Sudan, with the right subsequently to join the Commonwealth if she wished.[13]

If Britain's presence in the Sudan really did represent the key to her strategic position in the Canal Zone, then it can be concluded that the British were diplomatically maneuvered out of a commanding position in a country where anti-British sentiment was relatively weak. They were then compelled to

[9] See, e. g., Valentine Chirol, "Larger Aspects of the Egyptian Question", *Quarterly Review,* No. 244, January 1925, p. 149; also "The Egyptian Crisis", *The Spectator,* No. 5031, November 29, 1929, pp. 816-817.

[10] Under the 1929 agreement, Egypt was guaranteed 98 per cent of the flow during the low period from December to July. At other times, the Sudan could take all she wanted for irrigation. See John Hyslop, "Egypt and the Sudan", *Contemporary Review,* No. 1030, October 1951, pp. 205-210.

[11] "Suez and the Sudan", *The Economist,* May 17, 1952, pp. 424-425.

[12] This was admitted by Salah Salem, who carried on the Sudan negotiations for Egypt. *Akher Saa,* December 15, 1954.

[13] The final agreement stated two alternatives: either union with Egypt or independence. Prime Minister Eden contended that any independent state was free to join the Commonwealth. The Egyptians denied this. *Cf. Al Ahram,* February 18, 1953.

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bargain from an inferior position in the Canal Zone with the government of a country where anti-British nationalism ran high. Throughout the negotiations, the Sudanese had feared that Great Britain might sacrifice their interests to those of Egypt in return for a favorable settlement of Suez. But London, to its credit, refused to sell the Sudan literally "down the river", just as it had refused to play "water politics" against Egypt. The Egyptians, for their part, adamantly opposed a package deal. They were confident that, with the proper diplomatic support of the United States, they could negotiate their two national aspirations separately and successfully pry the British loose from both positions.[14] As events proved, their optimism was justified. But once the British had evacuated the Sudan, tension between the two Nile countries increased. During 1954 and 1955, the Sudanese pressed for a new Nile waters proposal, providing for a determination of their share of the normal Nile flow before the High Dam construction began.[15] The Egyptian press reflected a fear that the Sudan was about to be drawn into an "African Tier" pact with Ethiopia and the Western allies in order to complete the isolation of Egypt.[16] By mid-1956, the Egyptians were openly lamenting the antagonism which had sprung up between the two states which geography meant to be one.[17] Hence the reference to the riparian rights impasse in the American announcement withdrawing the Aswan aid was not without significance. It was tantamount to a subtle hint that the West regarded the Sudan as a position

[14] The Egyptians credited the United States with having assisted them in bringing about the accords on both the Sudan and the Suez Canal. See *Department of State Bulletin*, vol. 31, August 16, 1954, p. 234.

[15] According to an Egyptian source, the Nile water talks failed because Egypt wanted to keep them on a purely technical basis while the Sudanese delegation wished to raise both political and technical issues. *Al Ahram*, April 8, 1955.

[16] *Rose El-Youssef*, May 2, 1955; *Al Ahram*, September 20, 1955; and *Al Shaab*, June 29, 1956.

[17] Salah Salem wrote in an editorial: "Since the Revolution, Sudanese delegations had been coming to us demanding union, . . . telling us that the Sudan is in greater need of union than Egypt, and that if Egypt refuses to unite with the Sudan, they will make war on us to join us, despite our will. Egypt sided with them. . . . And what happened? In a few months, Egypt became an imperialist country, an aggressive country which wanted to grab Sudan's bounty." *Al Shaab*, June 30, 1956.

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whence pressure could be applied against Egypt. The fact that this problem was stressed in the announcement emanating from the State Department rather than the Foreign Office helped to reduce the basis for an Egyptian accusation that water politics of a type long dreaded were now being played.

The British Foreign Office, in making its own announcement of the decision to withdraw the offer, raised the question whether Egypt had the capacity to undertake the huge river project while simultaneously financing the purchase of arms from Czechoslovakia.[18] As a result of Egypt's developing East-West trade pattern, her foreign exchange position had become precarious. There was a growing spread between her payments deficit with the West and her payments surplus with the Eastern bloc.[19] Since the Cairo government regulated foreign trade with all major trading nations except the United States and Great Britain through bilateral payments agreements, and since currency inconvertibility prevailed as between Western and communist bloc countries, Egypt was unable to use her exchange surpluses with the Eastern bloc states to offset her deficits with the Western states. In view of her foreign trade arrangements, it was feared that Egypt was gradually drifting under the influence of the Soviet Union. If she wished to use her blocked accounts in the communist countries to purchase equipment for military or industrial purposes, she would probably find it necessary to play the Communists' political game in the Middle East.

Beyond the reasons officially stated, there no doubt were several underlying factors in the Anglo-American *volte-face*. Perhaps the West realized tardily that such allies as Turkey and Pakistan were perplexed at the fact that a neutral country, whose leadership and press had adopted a strong anti-Western tone, should receive so generous a slice of aid. No Asian régime committed to a Western military pact had ever been given such massive assistance for a single project, especially one so admi-

[18] *New York Herald Tribune,* European Edition, July 21, 1956.

[19] Figures for 1953 and 1955 show that Egypt's trade deficit with the eight leading Western nations increased from 43.9 million to 57.6 million Egyptian pounds within two years. Meanwhile, her trade surplus with the five leading communist states increased from 6.9 million to 23.9 million Egyptian pounds. Computed from data in *The Egyptian Economic and Political Review,* Special Budget Issue, June-July 1956, pp. 31-33.

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rably suited to enhance a government's domestic popularity. This interpretation of the decision seems credible in view of the running debate which took place in Washington during the spring of 1956 on the relations of the United States with the neutrals. The State Department may have chosen this means of serving notice that henceforth American policy would be less indulgent than in the past.[20]

The American decision undoubtedly represented a chastisement of the government of Egypt for having imprudently chosen to make the Nile Valley a focal point of the cold war. It is well-nigh impossible to separate the two major factors which Washington had to assess—Soviet intentions in Egypt and the general direction of Nasser's policy. American policy makers by that time must have become exasperated at the Soviet practice of holding out to the neutral nations vague promises of economic aid, like checks which could be prominently displayed for people to admire but which were seldom cashed in. One of the purposes of the American decision may have been to put the U.S.S.R. "on the spot". Obviously, the wisdom of such a gambit depended upon Washington's estimate of just how much the Soviet gestures were worth.[21] The Russians, as a matter of fact, apparently realized that they had placed themselves far out on a limb in Egypt. For several days before the Anglo-American decision was published, they seemed to be in process of executing a retreat from their awkward position. Nevertheless, the Russians managed to escape with a minimum of embarrassment. Their exit from the field of Aswan aid-bidders went completely unnoticed in the tempest which raged after July 19. The Egyptians vented all their spleen on the West for having toyed with their hopes and they ignored the ambiguity of the Soviet position. Back in Moscow, Shepilov

[20] "It was necessary", writes a recent biographer of the Secretary of State, "to demonstrate to friendly nations, by act rather than by oral explanation, that U. S. tolerance of nations which felt it necessary to stay out of Western defense alliances could not brook the kind of insult Nasser presented in his repeated and accumulated unfriendly gestures." John Robinson Beal, *John Foster Dulles: A Biography* (New York, 1957), pp. 258-259.

[21] Dulles, believing that the Russians could not deliver on their offers, deemed it "necessary to call Russia's hand in the game of economic competition." Beal, *op. cit.*, p. 258.

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informed newsmen that the Soviet Union was not considering aid for the High Dam, but would treat sympathetically Egyptian requests for assistance in industrial development.[22] One day later in Cairo, Soviet Ambassador Kesselev gave to the local press a "reiteration" of Shepilov's earlier assurance "that the Soviet Government is prepared to finance the High Dam if Egypt requests such financing."[23]

It is extremely difficult to judge to what degree the American policy stemmed from a desire to punish Nasser for his neutralist temporizing, his bargaining with both sides in the cold war, and his increasingly polemical attacks on the West. When Egypt's military junta had first come to power in the bloodless revolution of July 1952, the State Department looked favorably upon the event. During the first two years of the Eisenhower Administration, Washington had been hopeful that Egypt might become the cornerstone of American policy in the Arab world. Although from a geographical standpoint Iraq appeared as a better choice to serve as the Arab base for an anti-Soviet military pact, American policy makers were for a time more attracted to the revolutionary republic of Egypt, which was clearly emerging as the spearhead of Arab nationalist unity and social reform. Especially while General Naguib headed the government, Egypt seemed moderately coöperative toward the West and more interested in internal development than in external adventures.

The Eisenhower Administration, from 1953 until early 1956, was relatively consistent in its attempts to tone down two pronounced aspects of American Middle East policy previously stressed by the Truman Administration: ostentatious diplomatic and economic support for Israel and solicitude for British and French interests in the Arab world (explained by Secretary Acheson's efforts to construct a solid basis for the Atlantic Community alliance). Apparently, the Republican Administration assumed that the United States, by disassociating itself from Franco-British colonialism in the Middle East and by striking a posture of neutrality in the Arab-Israeli "cold war", could win the friendship of the Arabs. Washington might thereby induce the Arabs to build up their own system of regional defense against Soviet communism.

[22] *New York Times*, July 22, 1956.

[23] *Egyptian Gazette*, July 23, 1956.

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Consequently, the United States used its influence to bring about a British military evacuation from the area. It was not difficult to persuade the British that they should negotiate a settlement. Maintaining a force of 80,000 troops in the Canal Zone after World War II had been an expensive proposition. British units had been under constant harassment by Egyptian guerrilla bands. Furthermore, the military reasons for keeping a sizable ground force in the Canal Zone no longer seemed compelling after the advent of nuclear power, as Churchill admitted in the House of Commons.[24] Nasser knew how to turn the American antipathies against communism and colonialism by declaring time and again that the Soviets' trump card in the Middle East was the unwelcome presence of the British troops on Egyptian territory. The Egyptians argued trenchantly that the presence of Western troops near the Canal merely served to invite attack in the event of war without being able to guarantee that the Canal could be kept open against air attack. If the British were afraid that the Canal might one day fall into enemy hands and be closed to Western shipping, then, argued the Egyptians, the best course for Britain to pursue was to pull back to bases on Cyprus or in Kenya and prepare to defend the Canal by controlling the adjacent air. During the Anglo-Egyptian negotiations, the United States urged total evacuation upon the British and simultaneously urged the Egyptians to give a short-term legal guarantee of Britain's right to reoccupy the base in case of war. The United States meanwhile held back economic aid to Cairo, hinting that substantial funds would be forthcoming after a Suez agreement had been reached.[25] As a result of the settlement of October 1954,[26] the West's military posture in the Middle East was

[24] July 14, 1954. *Parliamentary Debates,* Commons, 5th Series, 1954, vol. 530, c. 497.

[25] See the discussion concerning the exchange of letters between President Eisenhower and General Naguib in Robert Strausz-Hupé, Alvin J. Cottrell, and James E. Dougherty, *American-Asian Tensions* (New York, 1956), pp. 181-183.

[26] The Suez Canal Base Agreement provided that Britain should withdraw her forces within 20 months but would enjoy a 7-year right to reoccupy the base in case of an attack by "an outside Power" on any member of the Arab League or Turkey. Text in *Middle East Journal,* vol. 8, Winter 1954, p. 460.

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weakened by the withdrawal of British military forces before any compensating strategic policy had been developed. Arab nationalists were elated at this achievement, for the Canal Base had long been regarded as a European instrument for applying pressure against Egypt. (It is significant that President Nasser decided that he could seize the political initiative in the Middle East by nationalizing the Canal Company just six weeks after the last British soldier had left Ismailia.)

The United States, while applying leverage against the British and in favor of the Egyptians, also adopted a somewhat sterner tone against Israel, occasionally censuring her through the United Nations for her border policy. The amount of direct United States governmental aid to Israel began to taper off, and the United States refused Tel Aviv's requests for permission to purchase arms. Hence, as regards the issues of European imperialism and Zionism, Washington tried to bring about a moderate change in the climate of American-Arab relations during 1953 and 1954.[27] Nevertheless, no genuine rapport was established between the United States and Egypt. American efforts to draw aloof from Britain and France in the Middle East and to achieve quasi neutrality in the Arab-Israeli dispute failed to reverse the gradual deterioration of relations between Washington and Cairo.

The Arabs remained unconvinced that the United States could really detach itself from its friends in the Middle East. The Egyptians were moderately pleased with American diplomatic support on the Sudan and Suez questions but they realized that Britain and France, still holding important interests in the Arab world, were the two major allies of the United States. The use in Algeria of American arms supplied to France through NATO was scored as an affront to the whole Arab nation.[28] Egyptian fears of a proposed "African Tier" pact, linking the United States, Britain, Ethiopia and the Sudan in an ostensible effort to protect Western colonial holdings south of the Arab desert, have already been mentioned. What is more important, the Egyptians did not believe that the United

[27] From 1946 to 1954, Israel had received more than four times as much governmental economic aid from the United States as all the Arab states combined. See testimony of Arthur Z. Gardiner before the House Committee on Foreign Affairs, May 10, 1954.

[28] *Al Ahram*, September 16, 1955 and June 27, 1956.

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States could disassociate itself from Israel. They were inclined to read into every American reference to a policy of "impartial balance" in the Middle East an excessive concern for the security of the Jewish state. Thus did they interpret the Tripartite Declaration of May 25, 1950.[29] "Impartial balance", they often remarked sarcastically, meant equalizing one million Zionists and seventy million Arabs. In Egyptian eyes, the United States could not escape the onus of having given Israel the diplomatic and economic support which enabled her to survive her first critical years. The Arab nationalists were sure that, however much the State Department might wish to curry the favor of the Arabs, the United States was irrevocably committed to the support of the Zionist experiment. Arabs regarded the stern tone adopted by the United States in the Security Council to criticize Israel for her border raids as a mere diplomatic maneuver. They surmised that the United States was compelled to assume this attitude simply because the Soviet Union, one of Israel's original supporters, had begun to woo the Arabs after the death of Stalin by using the veto to uphold Egypt's position on the Israeli blockade. The Arabs were left unimpressed by a reduction of direct United States aid to Israel. They accused the United States of having disguised its aid policy by persuading West Germany to pay reparations to Israel for the Nazis' anti-Jewish crimes.[30]

So far as the Arabs were concerned, the crucial test of Washington's sincerity was the degree to which it was willing to build up the economic and military strength of Israel's neighbors. The Egyptians were convinced by Washington's steadfast refusal to furnish them arms that the United States failed to pass this test. Cairo had been trying to acquire arms from the United States ever since the end of the Second World War. Their efforts had been to no avail, however, despite periodic hints from Egyptian officials (especially after the revolution) that they were determined to obtain arms from whatever source

[29] Under this Declaration, the governments of Great Britain, France and the United States agreed to prevent the violation of existing frontiers and armistice lines. Text in J. C. Hurewitz, ed., *Diplomacy in the Near and Middle East* (Princeton, 1956), vol. II, p. 309. The policy of "balance" was reiterated in Secretary Dulles' testimony to the Senate on February 25, 1956.

[30] *Al Gomhuria*, June 15, 1956.

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available. At one time or another, Egypt had tried to acquire arms from the United States, Great Britain, France, Sweden, Switzerland, Belgium, Spain and India. But Nasser did not receive arms in the desired quantity. It seemed that each time he arranged for shipments of arms, they were suspended for one reason or another.[31] His difficulties were traceable in no small part to his capacity for antagonizing all the major Western allies at the same time. Had he acted more judiciously, he might have managed to do business with at least one of the Western nations. But he had too many simultaneous aspirations—forcing the British out, seizing leadership of the Arab unity movement, building his prestige among the Bandung nations as leader of the anti-colonial struggle, increasing Egypt's foreign trade and arming his country for a showdown with Israel.

Nasser had made his last serious bid to obtain arms from the United States in June 1955. At that time it was reported that he had refused to accede to the terms of the Mutual Security Act, which required assurances from the recipient country that the arms would be used only for defensive purposes. Washington accordingly rejected Egypt's requests for grants for military aid. The only way left for Cairo to acquire American arms was by purchasing them. Obviously, Egypt's foreign exchange position prohibited her from entering into a purely commercial contract for "dollar arms". Nasser undoubtedly would have liked an American loan to finance the purchase, but this was out of the question. Since he would not accept the arms for the purpose for which the United States was willing to give them, namely, defense against Soviet communism, he could not have them at all. He did not wish to be drawn into a military alliance with the United States. Recently, his criticism of Western bases and alliances had become harsher. He probably feared that a Western alliance would introduce foreign military missions for training and planning and that their work would almost certainly operate to deter a future Arab *jihad* against Israel. Since the campaign against Israel was one of

[31] The British and the Swedes, for example, cut off deliveries while the Suez talks were in progress. *Al Akhbar*, September 1, 1954. France halted shipments to Egypt when tension between the two countries mounted over Algeria. The French began instead to send tanks and Mystère jets to Israel. *Akhbar El-Yom*, September 17, 1955.

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Nasser's major instruments for forging Arab unity, he refused to enter a pact with the West to accept arms on what he considered self-defeating terms.

Nasser felt himself under growing pressure to strengthen Egypt's military arm, in view of the progress made by the Northern Tier Alliance.[32] Although it seemed highly doubtful that the Baghdad Pact could win popular support among Arabs, its existence greatly intensified the rivalry of Egypt and Iraq for Arab regional leadership—a rivalry that antedated the Arab League.[33] Iraq, because of her geographical location, was more aware than Egypt of Soviet expansionist pressure.[34] She had already made a serious bid for Arab leadership by offering to use her treasury, built up with oil royalties, to finance an all-Arab army. Egypt, an oil-poor country, was apprehensive lest the attractive Iraqi proposal be repeated and taken up later by the other Arab League states. When Iraqi Premier Nuri el-Said aligned himself with the British in the Baghdad Pact, the Egyptians quickly branded him as a minion of Whitehall whose efforts to control the Arab armies had, fortunately, been foiled by Egypt. But a Nuri el-Said who was eligible to receive from the West arms that Egypt could not obtain was a formidable opponent. Sooner or later, he might make Egypt look relatively impotent as a military power. Worse still, he might become strong enough to revive his old plan for a Fertile Crescent union which would exclude Egypt.[35] Nasser moved to counter this threat on several fronts.

[32] Along with Great Britain, four Moslem states were members: Turkey, Pakistan, Iran and Iraq. Only the last-named was an Arab country, and its capital was chosen as headquarters for the pact. For the text of the Baghdad Pact, see Paul E. Zinner, ed., *Documents on American Foreign Relations 1955,* Council on Foreign Relations (New York, 1956), pp. 342-344.

[33] Stephen H. Longrigg, *Iraq: 1900 to 1950* (London, 1953), pp. 328-333; and Cecil A. Hourani, "The Arab League in Perspective", *Middle East Journal,* vol. I, April 1947, pp. 125-136.

[34] Iraq, along with Iran, Turkey and Afghanistan, had adhered to the Saadabad Pact of 1937, which was directed at least in part against Communist subversive activities in the Middle East. George Lenczowski, *Russia and the West in Iran 1918-1948* (Ithaca, 1949), pp. 305-306 (n.).

[35] This was substantially the same as the so-called "Greater Syria" scheme, which would have united the Lebanon, Syria, Iraq and Palestine, including the Jews as a semi-autonomous community. Longrigg, *op. cit.,* p. 331.

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The "Voice of the Arabs", the most powerful radio transmitter in the Middle East, launched an unrelenting attack on the Baghdad Pact and on Nuri as a traitor to the cause of Arab nationalist unity. Nasser also intensified the ideological campaign against Zionism, in order to highlight the artificiality of any anti-communist pact which relegated to a subordinate place the "real threat" to the Arabs, namely, Israel.[36] Egypt sent military, political and educational missions to Beirut, Baghdad, Damascus and Amman. Conservative Arab governmental leaders charged that many of these were trained propagandists and *agents provocateurs*. Certainly, most of them worked to discredit the Nuri government and to bring about the orientation of the whole Arab world toward Cairo. Although Cairo was the capital of a country which was not "Arab" in the fullest sense,[37] it enjoyed a distinct historical advantage over Baghdad in the struggle for intellectual leadership of the Arab nationalist movement.[38] But intellectual and ideological ascendancy alone were not sufficient. Wanting arms desperately, Nasser had finally announced in September 1955 that he would accept them from Czechoslovakia.

Significantly, the United States and Great Britain extended their first definite offer of Aswan aid in December 1955, several months after Nasser announced his arms deal with the commu-

[36] The Egyptian press reported a British assurance to Israel that Britain's entrance into the Baghdad Pact would be a virtual guarantee that Iraqi forces would not take part in any future Arab-Israeli hostilities. *Al Gomhuria,* April 2, 1955.

[37] "Egypt for the Egyptians", the slogan of the earliest Egyptian nationalist leaders, was not at all an Arab slogan. The Wafd, the party of Sa'ad Zaghloul, was primarily interested in independence for Egypt and the unity of the Nile Valley, hardly at all in the problems of Arabs in the Fertile Crescent. As late as the 1930's, Egyptian intellectuals were seriously split between pan-Arabism and the Pharaonic movement, which stressed the superiority of Egypt's ancient heritage to Arab culture. See Anwar G. Chejne, "Egyptian Attitudes Toward Pan-Arabism", *Middle East Journal,* vol. II, Summer 1957, pp. 253-268.

[38] Whereas Baghdad had produced few prominent intellectuals, Cairo benefits greatly from the fact that, of all the present Arab capitals, it alone was under British control during the formative period of Arab nationalism. Since the British permitted freedom of the press in Cairo, the leaders of the earliest Arab literary and political societies, oppressed by reactionary Ottoman laws, tended to migrate from the Fertile Crescent to the Egyptian capital. Hence British liberal policy did much to insure Egypt's subsequent intellectual leadership of the Arab nationalist movement.

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nist bloc. Apparently, Washington and London sought to use the High Dam offer as a device for persuading Nasser to cancel the arms deal before weapons should begin to arrive in substantial quantities. The one consistent element in American policy toward Egypt from 1948 onward had been a steadfast refusal to supply Egypt with military equipment which might someday be employed against Israel.[39] The United States now hoped that, with the High Dam offer, Nasser could be induced to concentrate more upon internal socio-economic reform than upon regional imperial ambitions, and thus turn back from his "purely commercial" arrangement to purchase Soviet bloc weapons, but he was not willing to accept the dilemma implicit in the West's offer: either the arms or the aid. He wanted both, and he tried to gear his policy of tactical neutralism to acquire both—arms from the East and the High Dam assistance from the West.

But the Western allies did not wish to give economic help to a régime which was becoming increasingly committed, in its foreign policy pronouncements, to a showdown with Israel. The United States was pledged, under the Tripartite Declaration, to guarantee existing Arab-Israeli borders. Hence a major objective of American policy became the prevention of a situation from arising in which the United States might be forced to go to the aid of Israel in the event of a formidable Arab attack. Israel was not in any grave danger early in 1956, but Egypt's policy of arms importation posed a threat for some future time, perhaps two or three years hence, when the Egyptian troops had become proficient in the use of the new arms. This was the contingency which the State Department had to avoid, if at all possible.

In sum, it appears that the United States wished Nasser to choose between the High Dam and a militaristic course which might lead to a war in which the American people would be reluctantly involved. Given Nasser's regional ambitions at that time, weapons were more important to him than the prospect of a dam in the interior which would require more than a decade of hard work to construct. The High Dam itself

[39] In very recent years, the United States has furnished military aid to the pro-Western Arab governments of Saudi Arabia, Jordan, Iraq (prior to the coup) and the Lebanon. But it has withheld arms from the two most militantly anti-Israel governments of Egypt and Syria.

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would not resolve Egypt's economic problems, but with arms he could possibly unite the entire Arab world and gain control of most of the Middle East's oil wealth. His preference for "guns" over "butter" was sufficiently clear in the spring of 1956 to set off speculation in Israel on the need for a "preventive war". The Egyptian military parade of June 18, 1956 showed dramatically how serious the consequences might be of the West's failure to wean Nasser from his perilous course with the Aswan offer. After that date, the value of such an offer seemed highly dubious.

By early July, it was known that the United States Ambassador to Egypt, Henry Byroade, who had been very friendly to the Nasser régime, was to be transferred soon to South Africa. Informed sources in Cairo read this as a sign of impending changes in Washington's attitude. The State Department was reported to be reassessing the Aswan offer in view of the recent trend of Nasser's policy—recognizing Communist China, exchanging cultural and trade missions with several communist countries, and militantly displaying his newly received Czech arms. The State Department announced on July 6 that, although the United States was still ready to help Egypt build the dam, the funds earmarked for the project had been re-allocated for other purposes.[40]

It is difficult to say what the United States hoped to accomplish by withdrawing the offer on July 19. Some officials may have thought that Nasser could be toppled from power, or driven into some rash act of adventure before his army was ready for combat. Others may have hoped that this American initiative would stun Nasser and force him to reassess his policy before it was too late. It is equally conceivable that, although the State Department consulted with the British before announcing the decision, it failed to consider in advance all of the possible consequences of that decision.[41]

Egypt's "constitutional régime", which had but recently

[40] *New York Times,* July 7, 1956.

[41] Members of the British Parliament criticized the manner in which the Foreign Office announcement followed that of the State Department by twenty-four hours, as though Washington had made the decision and London had no choice but to second it. Foreign Secretary Lloyd, replying to a question, said: "We were in close consultation with the United States Government about this matter." *Parliamentary Debates,* Commons, 5th Series, 25 July 1956, vol. 557, c. 412.

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replaced the Revolutionary Command Council, seemed to be in little danger of being toppled from power under the impact of the West's rebuff. General Naguib, the only personality whose popularity could rival Nasser's, was under house arrest. A few of the old Wafdist and other party leaders still clung to skeletal organizations, but they posed no serious challenge to the Egyptian president. No one outside the government had sufficient command of "the streets" to stage one of those demonstrations which had once played such an important part in Egyptian politics. Some of Nasser's own lieutenants perhaps had a remote chance of carrying out a coup, but practically all of them owed their political fortunes to the president, admired him sincerely, and were firmly committed to him. Certainly none of them approached Nasser in intelligence, boldness or political astuteness. Without a would-be rebel prepared to make a bid for control, Nasser's position was impregnable. No criticism of his pre-Aswan policies was publicly voiced inside Egypt, except through a clandestine radio station which was quickly discovered and confiscated.

The prevailing tone of the Egyptian press was one of bitter hostility toward the United States. It was charged that the State Department's move had been dictated by Zionists who were anxious to prevent the building of a dam which would strengthen the industrial base of Israel's major enemy.[42] Some journalists in Cairo saw the Zionists reinforced by Southern U. S. Congressmen who discerned behind the High Dam the specter of increased cotton competition, and by Republican party managers who feared Democratic attacks in the impending election campaign upon the Administration's "weak" Middle East policy.[43] The Egyptians were extremely sensitive to the Western charge that their economy was unsound, for this allegation struck at the very heart of the régime's claims of economic progress.[44]

[42] *Al Shaab*, July 23, 1956 and *Al Gomhuria*, July 24, 1956.

[43] Editorial, "High Dam", *Egyptian Gazette*, July 24, 1956.

[44] The Egyptian press made much ado about a letter from Eugene Black, President of the World Bank, to Dr. Abdul el-Kaissuny, Minister of Finance. This letter, dated prior to the State Department's retraction of the offer, was supposed to have conveyed the Bank's intention to finance the High Dam. From this it was inferred that the Bank had confirmed the soundness of Egypt's economy. "World Bank Found No Fault with Egypt's Economy", *Egyptian Gazette*, July 24, 1956. The text of the letter was not published.

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What would Nasser do? This was the leading question during the anniversary week of Egypt's revolution. Rumors were plentiful in Cairo. Some observers expected Nasser to break off diplomatic relations with the United States and Great Britain, although no one could explain what he might hope to accomplish thereby. Others predicted that he would announce his intention to seek Soviet aid during his scheduled visit to Moscow in August. Such a course was admitted to be risky, however, for it might serve only to compound Egypt's difficulties. Perhaps the president would lay the blame for the national disgrace upon Israel and call for war preparations. Finally, it was suggested that Nasser might label the High Dam scheme a neo-imperialist project devised by Anglo-American economists and that Egyptians could now say "good riddance" to a dangerous plan. Not a few Egyptians actually felt relieved at having been given an excuse to postpone the Aswan project. They were of the opinion that its "mystique" had been built up too quickly, before the country was economically and technically ready to undertake it.

Nasser, strangely enough, during his nationalization address on July 26, focused most of his ire over the Aswan decision upon the World Bank, rather than upon the two Atlantic allies. Pointing out that the Bank had agreed to lend $200,000,000 in negotiated installments, contingent upon agreements relating to Egypt's investment program and foreign obligations, Nasser professed to see in the proposed budget supervision a plan to dominate Egypt's economy. He failed to mention that Egypt was utterly dependent upon external sources for the technical equipment and skills necessary to build the dam. Dwelling only on what he deemed to be the political implications of the Bank's stipulations, he totally ignored the economic problems of capital formation in an underdeveloped country.[45] He

[45] Among the problems of capital formation in Egypt, Charles Issawi lists the following: the rate of population growth; the absence of saving and investment habits; the propensity to import; the lopsided class structure and the absence of a stable middle class; the condition of the civil service; the strain imposed by foreign capital investment upon Egypt's balance of payments; the task of computing the proper rate and direction of capital import into a country where capital is dear and labor is cheap; and the fear of foreign exploitation. Nasser dwelt exclusively on the last-named problem. Issawi, *Egypt at Mid-Century* (London, 1954), pp. 93-98.

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also expressed the fear that, if he were to proceed with construction solely on the basis of the Anglo-American aid and without a prior firm commitment from the Bank, Egypt after five years might find herself faced with a serious dilemma: either to accept the Bank's demands for the surveillance of her national economy, or else to abandon the project before it was half-finished.[46] Hence Nasser conveyed the impression that Egypt did not want the Aswan aid on the terms proposed, but would build the dam with revenues from a nationalized Suez Canal Company.[47]

After the withdrawal of the aid, many in the West had taken it for granted that Egypt had only two alternatives: either to ask the Russians for the money or else to abandon the project.[48] But Nasser sought to confound the Western allies by striking upon a third alternative which was perfectly consistent with his nationalist policy. In nationalizing the Canal Company, he converted what had looked like a major fiasco into a popular triumph which resounded throughout the Arab world. (Even the government of Nuri el-Said was forced to congratulate him on his victorious stroke.) Apparently, both the Americans and British were guilty of a failure at the policy-planning level in not having anticipated such a move by Nasser. In view of the British experience with Mossadeq in 1951, Nasser's more highly developed brand of nationalism, the historic controversy over the position of the Canal and the Company under inter-

[46] Nasser's Nationalization Address, July 26, 1956, MENA translation, especially pp. 20-22. Nasser strongly protested against the conditions laid down by the Bank which tied the Bank's loan to the Anglo-American grants and would give the Bank a virtual veto power over Egypt's investment program, external loans, and management of the High Dam project. British Foreign Secretary Lloyd defended these conditions as necessary, declaring that the scheme required "not only a very large amount of external financial aid but the most rigorous control by Egypt in her internal economy." But recent policy trends in Cairo, he added, made it doubtful that Egypt could exercise the control required for success of the Aswan scheme. *Parliamentary Debates,* vol. 557, c. 252.

[47] Nasser exaggerated the ability of Egypt to finance the High Dam with the net revenues of the Company, which amounted to about $30,000,000 per year when no unusual expenditures for canal improvements were needed.

[48] "West Gives Russia Her Chance in Africa", *Manchester Guardian Weekly,* July 21, 1956.

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national law, and the British evacuation of the Canal Zone in June 1956, the Western allies should have been better braced for the possible nationalization of the Company as a riposte to the provocative character of the Aswan decision.

One can only conjecture whether Nasser conceived the idea of nationalizing the Company merely as a response to the withdrawal of Anglo-American aid. The Egyptian president, apparently anxious to allay Western suspicions that the subject may have been discussed at the time of Shepilov's visit, stated that the decision to nationalize was not made until *after* the United States had retracted its offer.[49] It seemed logical, of course, that Soviet policy makers would look favorably upon nationalization, since such an event would furnish them with an opportunity to woo the Arabs by supporting Egypt's case against Western protests. Therefore, Nasser wished to convince the Western public that the decision to take over the Company was a spontaneous choice of Cairo, and did not result from any prodding by Moscow.

There were some indications that the Egyptian decision to nationalize the Company was not entirely caused by the Aswan rebuff. The smoothness and efficiency with which the occupation of the Company's installations in Ismailia, Port Said, Tewfik and Cairo was carried out[50] lent substance to the report that Egypt had been planning the operation for more than just a few days. Moreover, the confident manner in which Nasser had announced on Sunday, July 22, that he would deliver his answer to the West on the following Thursday, July 26, could lead one to infer that he had been thinking about nationalization for a long time. The idea was by no means a new one. In the early 1920's, the Egyptian Socialist-Communist party had listed the nationalization of the Canal Company in its published program of objectives.[51] This possibility had also attracted certain social-reform planners immediately after

[49] Nasser made this assertion at a press conference in Cairo on August 12. *Egyptian Gazette*, August 13, 1956.

[50] *The Egyptian Mail*, July 28, 1956, carried a detailed account of this operation.

[51] Walter Z. Laqueur, *Communism and Nationalism in the Middle East* (New York, 1956), p. 34.

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the 1952 revolution.[52] The Egyptian leaders, so it now appears, were convinced that the Company should be nationalized before the expiration of its concession in 1968. They feared that the British and the French might soon begin to pressure Cairo either to renew the concession or else to place the Canal under the control of an international agency.

M. Georges Picot, President of the Suez Canal Company, was reported to have gone from Paris to New York in 1955 to enlist the help of American oil companies in the effort to have the concession extended. According to an Arab source, Picot pointed out to the oil companies that the Canal would have to be widened quickly to accommodate the 80,000-ton tankers which were scheduled to be put in service in 1957. The Canal Company would be willing to make the needed improvements only if they could be shown to be financially worth while. Picot was alleged to have asked the oil companies to approach the Egyptian government and attempt to obtain either a twenty-year extension of the Canal Company's concession or a new concession linking the government and the Company as partners.[53]

Within Egypt, it was widely rumored that Nasser had created a "shadow board of directors" several months previously to prepare for the day when the state would assume control of the Company. Even the Egyptian press reported that the problem of nationalization had been studied under Nasser's personal direction since February 1956.[54] A Lebanese source filled in further details as follows. The question of nationalization had been seriously discussed within Egyptian command circles shortly after the revolution. Mustapha el-Hefnaoui, who had obtained his law doctorate at the University of Paris with a dissertation entitled *The Legal Problems Presented by the Suez Canal,* propounded his favorite thesis to the Egyptian

[52] "Closely related to the problem of increasing income from industrial production is the question of the nationalization of the Suez Canal Company, which must occupy a special place in the program we have outlined." Mahmoud Kamel, *Tomorrow's Egypt: The Renaissance of a Nation and Its Glory* (Cairo, 1st English ed., 1953), pp. 110-111.

[53] Mohammed Hassanein Haykal, "The Story of Nationalization", *Akhir Saa,* August 14, 1956.

[54] *Sabah Al Kheir,* August 2, 1956.

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Officers' Club, namely, that complete control of the strategically and commercially important waterway would invest Egypt with a veto power and elevate her to the rank of a leading state in world affairs. Hefnaoui failed, however, to devise an adequate legal method for revoking the concession. Others, including Baghat Badaoui, Egypt's representative to the Company, then took up the search for a flaw in the contract which would enable the government to declare the Suez Canal Company in default. It was suggested that the Company be asked to fulfill an obligation contained in the original agreement and undertake the construction of a port on Lake Timsah.[55] The Egyptian press seemed to be preparing a campaign of criticism against the Company[56] when the High Dam crisis broke.

Despite Nasser's boast that Egypt would use the revenues of the nationalized Suez Canal Company to build the High Dam, little progress was made in that direction for more than two years. Egypt's population growth—nearly half a million per year—rendered the problem of development increasingly acute, but Nasser failed to effect a reconciliation with the West, and the Soviets continued to back away from financial involvement in the project. After the Middle East crisis in the summer of 1958, which terminated in the all-Arab non-intervention pledge and the withdrawal of American and British forces from the area, Nasser probably realized that he would do well to postpone for a time his plans for regional hegemony and concentrate on internal economic reform. The Soviets, too, apparently deemed it wise to encourage a *detente* in the area while shifting to new policy methods.

Consequently, on October 23, 1958, Premier Khrushchev announced that the Soviet Union would participate in the construction of the High Dam. The U.S.S.R. agreed to lend the United Arab Republic 400,000,000 rubles ($100,000,000 at the official exchange rate), and to send materials, equipment and technicians to Egypt for the first four-year stage of the work, scheduled to begin after the 1959 floods. Repayment of the Soviet loan, which is not to start until after completion of the first stage, will be spread over a twelve-year period at 2½ per

[55] The foregoing account is from *L'Orient*, July 13, 1956.

[56] *Al Shaab*, June 16, 1956.

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cent interest.[57] It is expected that additional foreign currency costs of the High Dam operation will be met from Canal revenues.

Not a few Western analysts, especially in Britain, remained unconvinced that the High Dam project, executed within the isolated framework of Egypt's needs, represents the most efficient solution to the problems of the Nile Valley. They still see a coördinated, long-range storage scheme, encompassing all those areas of Northeast Africa through which the Nile and its tributaries flow, as necessary for the future well-being of the region. Both the Aswan High Dam and the Sudan's new Roseires Project can and should be fully integrated into such a valley development plan. But the Sudanese have formally repudiated the 1929 Nile Waters Agreement, and Cairo and Khartoum are now pressing forward with the construction of their water projects in a way that may only serve to heighten tension between the two countries.

It was Nasser's brand of pan-Arabism which prompted the West, nearly three years ago, to withdraw its Aswan offer. His policies since 1956 have hardly been calculated to mend his fences with Washington and London. The Egyptian president apparently prefers to run the risks of accepting Soviet assistance rather than make the concessions entailed in a political settlement with the West. But a dam that is designed to store water for the largest power station in the world will require a long period of time and massive resources to complete. Only the first stage need be exclusively Russian. Western firms which have already played a major part in the advance preparations may yet be invited to participate in the later stages. Meanwhile, Western governments, noting that Moscow has already fallen far behind schedule in delivering previously promised factory parts to Egypt, seemed content to sit back and watch the latest Soviet aid performance.

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[57] *New York Times*, October 24, 1958. See also "The High Dam", *Egyptian Economic and Political Review*, October 1958, pp. 24-30; and Michael Adams, "The Aswan Dam at Last?", *Manchester Guardian Weekly*, November 20, 1958.

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BUSINESS MEN AND SPECIE RESUMPTION*

IT HAS for some years been fashionable in American historiography to find the key to the era after the Civil War in the struggle between business and agriculture. Some distinguished historians,[1] drawing their inspiration from the seminal work of Charles A. Beard, have pictured the war itself as a "Second American Revolution", in the course of which the "triumphant business man" of the Northeast wrested control of the national government from the agrarian South and West and enacted a legislative program designed to provide a hospitable setting for the growth of American business enterprise.

A major item in this program—and the focus of the present essay—was the return to specie payments in 1879. After a "long bitter struggle" in which, to quote Beard, "the agrarian section" succumbed to the "investing section," the fiat greenback currency issued during the war was made redeemable in gold. In 1875 Congress passed the Resumption Act, providing for the return to specie four years later. On January 1, 1879, successful resumption was achieved, and the "captains of business enterprises and the financiers heaved a sigh of relief."[2]

It is clear that a large part of the opposition to resumption was indeed western in origin. But close examination of the

* This article is a product of research begun in Professor David Donald's Seminar in Civil War and Reconstruction history at Columbia University and draws largely on my unpublished doctoral dissertation "Men, Money and Politics: The Specie Resumption Issue, 1865-1879" (Columbia University, 1958).

[1] For example: Louis M. Hacker, *The Triumph of American Capitalism* (New York, 1947), chaps. xxiv-xxvi; Thomas C. Cochran and William Miller, *The Age of Enterprise: A Social History of Industrial America* (New York, 1942), chaps. v-viii; Howard K. Beale, *The Critical Year: A Study of Andrew Johnson and Reconstruction* (New York, 1930), chap. x and especially pp. 236-237.

[2] Charles and Mary Beard, *The Rise of American Civilization* (New York, 1944), II, 331. One prominent dissenter from Beard's view is Professor Joseph Dorfman of Columbia University who has indicated considerable business opposition to resumption, in his massive *Economic Mind in American Civilization* (New York, 1949), III, 3-20.

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contemporary business press, trade association reports, and the letters of business men and politicians reveals that much of this hostility stems from western business men and that, in fact, business men in general were deeply divided over the Reconstruction currency issue, with important groups in both East and West distinctly unfriendly to "sound money".

One primary division over the money issue was that between seaboard merchants and those of the interior. Men engaged in foreign trade operations saw the paper régime as a constant threat to profits. Importers of dry goods, notions, wines, hardware, and the other foreign products which America consumed in the Gilded Age paid for their wares in bills of exchange on England or some other specie standard nation, or, occasionally, in specie itself. The importer then sold these goods in the United States for legal tender greenbacks. If in the interval between the purchase of goods abroad and their sale at home the price of gold measured in paper greenbacks were to rise, the importer might realize a large profit, since domestic prices of imported goods moved with the gold price.[3] With a decline, prices offered might no longer cover the merchant's own cost in gold or exchange. So unsettling was this régime to importers, declared a New York Chamber of Commerce report in 1867, that many "prudent men will not willingly embark their money . . . in ventures to distant markets . . . with the possibility of a fall [in gold] ere their return can be brought to market."[4] In the export trade, merchants' and brokers' commissions were equally at the mercy of the fluctuating gold-paper ratio which made the shipping of American staples "almost as uncertain as a ticket in a lottery."[5] To guard against these vicissitudes merchants and brokers had recourse to hedging operations on the gold exchange, which had appeared shortly after specie suspension.[6] Although partially protected against loss, the merchants objected to the necessity of thus becoming gold

[3] New York State Chamber of Commerce, *Memorial . . . for the Resumption of Specie Payments*, p. 4.

[4] "Report . . . on Resumption of Specie Payments", N. Y. S. Chamber of Commerce, *Tenth Annual Report for 1867*, p. 52.

[5] *Commercial and Financial Chronicle*, IX, Nov. 6, 1869, 582.

[6] A contemporary description of these operations is given in the *Nation*, III, Oct. 11, 1866, 290.

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gamblers, obliged to keep a closer watch on the fluctuations of the gold premium than on their primary commercial concerns,[7] and through the greenback period the traders of the port cities were among the most intransigent sound money men.

Repeatedly between 1865 and 1879 the seaboard trade associations, particularly the New York Chamber of Commerce and the Boston and Philadelphia Boards of Trade, made known their antipathy to irredeemable greenback circulation. Scarcely a year passed without each of these bodies remonstrating with Congress against continuing the deplorable paper standard which, in the words of the New York Chamber, had subjected the merchants to countless "inconveniences, losses, and evils."[8] During these same years the National Board of Trade, composed of northern commercial associations, annually adopted sound money resolutions.[9]

But while trade uncertainties might incline most eastern seaport merchants to resumption, among the eastern commercial men as among other categories of business men, there were numerous dissenters from the prevailing group orthodoxy. Individual foreign traders sometimes preferred the windfall gains that accompanied a rising gold premium to the "legitimate" profits of trade. Many importers, John Murray Forbes pointed out,[10] would resist any move that threatened to depress gold. "Even men sound in theory" who had experienced the boon of

[7] See the remarks of George H. Stuart to the House committee investigating the 1869 gold corner, in U. S. House of Representatives, 41 Cong., 2 sess., *Report No. 31*, p. 67.

[8] N. Y. S. Chamber of Commerce, *Report for 1874*, p. 87. See also *Report for 1867*, pp. 73-74; *Report for 1869*, pp. 50-53; *Report for 1871*, p. 90; *Report for 1876*, pp. 86-91; Boston Board of Trade, *Report for 1865*, p. 55; *Report for 1867*, p. 67; *Report for 1872*, p. 67; *Report for 1873*, pp. 31-41; *Report for 1876*, pp. 20-21; Philadelphia Board of Trade, *Report for 1865*, pp. 20-21; *Report for 1874*, p. 19; *Report for 1875*, p. 11.

[9] For example: National Board of Trade, *Proceedings of the First Annual Meeting, 1868*, pp. 214-224; *Proceedings of the Second Annual Meeting, 1869*, pp. 224-287; *Proceedings of the Third Annual Meeting, 1870*, p. 214; *Proceedings of the Adjourned Meeting at Baltimore, 1874*, pp. 119-121; *Proceedings of the Eighth Annual Meeting, 1875*, pp. 65-76.

[10] Forbes, although largely interested in railroads by the 1860's, had for many years been a merchant in the China trade and spoke with authority about mercantile attitudes.

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a rising gold premium would find reason, he warned, for postponing resumption "till *they* have got out."[11]

Among merchants of the interior, "sound finance" was considerably less popular than among the foreign traders. While western trade associations at times endorsed resumption,[12] the commercial men of Chicago, Cincinnati, St. Louis and other western trading centers often disagreed with their eastern counterparts on the subject of the national finances. The merchants of the port cities may have suffered inconveniences under the greenback standard, Westerners conceded, but at all events they were adequately supplied with credit and banking facilities. In the distribution of national banks and national bank currency after 1864, on the other hand, Westerners pointed out, their section had been distinctly shortchanged, with New York and New England taking the largest share of the $300 million of bank circulation authorized. Until the 1870's the original authorization remained fixed, and this limit placed a rigid ceiling on bank expansion, subjecting the West, it was charged, to a chronic credit famine.[13] Since domestic commerce was exempt from the vexing trade fluctuations that bedeviled foreign trade under the paper standard, it is easy to understand why western merchants often resisted resumption and frequently endorsed a form of inflation through "free banking"—the free entry into the banking system of any capitalist who qualified under the law. Financial differences between East and West were often graphically displayed during the currency discussions of contemporary mercantile organizations. At the 1868 National Commercial Convention[14] western attempts to carry

[11] Forbes to Hugh McCulloch, Naushon Island, Mass., Sept. 8, 1865, McCulloch MSS., Library of Congress. For several examples of opposition to resumption by eastern merchants see "Merchant and Sufferer" to Thaddeus Stevens, New York, Feb. 2, 1866, and C.I. Ireble to Stevens, Brooklyn, Mar. 23, 1866, Stevens MSS., Library of Congress.

[12] For example, in the following petitions: Chicago Merchants' Exchange, reported in the *Financial Record*, I, Mar. 5, 1874, 10; Milwaukee Chamber of Commerce, reported in the *Chicago Daily Tribune*, Apr. 23, 1874.

[13] A full discussion of western opinion is found in George L. Anderson, "Western Attitudes Toward National Banks, 1873-1874", *Mississippi Valley Historical Review*, XXIII, September 1936, *passim*.

[14] It was at this meeting that plans were laid for establishing the National Board of Trade.

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a free banking resolution were resisted by eastern merchants who, demanding "above all . . . a sound measure of value," attacked the proposal as irresponsible and dangerous.[15] Merchants of the interior cities called attention to the high interest rates and the difficulties of procuring credit in the nation's newer regions. There were important differences between foreign and internal commerce that delegates must not forget, a member of the Chicago Board of Trade pointed out. "These gentlemen on the sea board base all their calculations on gold to bring them to par with foreign countries. We claim that . . . domestic commerce may be worthy of consideration as well." The West could be relied on not to repudiate the national debt, but it did demand some kind of monetary relief. "If we can get a free banking law," the Chicago delegate concluded, "we will take that."[16] Despite the Westerners' earnest efforts, however, the free banking proposal was killed by a decisive majority of eastern delegates.[17]

Similarly, at the annual National Board of Trade convention in 1873, attempts to force the Board to endorse immediate resumption met intense western opposition, and, when it appeared that the soft money men might actually carry the convention for expansion, the well-organized conservatives hurriedly forced an adjournment.[18]

A similar East-West division could be found within the financial community. At first, however, Treasury Secretary Hugh McCulloch's rigorous greenback contraction, inaugurated in 1865-66[19] as preliminary to resumption, received an apparently

[15] *Proceedings of the National Commercial Convention . . . Boston, 1868,* pp. 159-160.

[16] *Ibid.,* p. 189.

[17] *Ibid.,* p. 205.

[18] National Board of Trade, *Proceedings of the Sixth Annual Meeting at Chicago, 1873,* pp. xii, 139, 196 *et seq.* The Board later met in Baltimore, far from the heresies of the West, where the currency discussion went more favorably for the conservatives.

[19] The Contraction Act of 1866 permitted the Treasury to fund $10 million of greenbacks into long-term bonds the first month following passage and $4 million every month thereafter.

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unanimous ovation from the bankers.[20] But it was McCulloch's misfortune that contraction coincided with a recession beginning in mid-1866, and thereafter western bankers, overextended and vulnerable, rapidly reversed themselves. "The only true and safe policy at the present time", pronounced an Ohio financier early in 1868, was "neither contraction nor expansion but to *let the currency alone.*"[21] "*Time* and patience", another wrote Senator John Sherman, were needed "to get back to a specie basis."[22]

Farther west than Ohio the financial men were not content merely to complain. The National Bankers Association in Iowa was actively engaged in undermining the Treasury's contraction policy. H. M. Kingman, Cashier of the First National Bank of Dubuque, wrote in late 1866 of "the efforts making against the old fogy notions of Sec. McCulloch in the matter of returning to specie payts. by retiring legal tenders." The Iowa bankers tried to get William Allison, member of Congress from the Dubuque district, to manage the anti-contraction campaign. Allison, a holder of national bank stock himself, Kingman noted, had the "views of his constituents at heart" in the matter of the currency.[23]

The recruiting of Allison was apparently part of a concerted drive launched by western bankers to have McCulloch's contraction power withdrawn. Sometime during 1866 these western financiers retained the Merchants' Union Law Company, a firm of professional lobbyists, to help defend their interests in Washington. The firm solicited contributions for fighting

[20] For the opinion of the financial press see: *Bankers Magazine,* XX, January 1866, 515-516; March 1866, 683; *Commercial and Financial Chronicle,* I, Aug. 12, 1865, 193; Dec. 9, 1865, 738. Also the following letters from individual bankers in the McCulloch MSS.: H. R. Symonds, Chicago, Nov. 18, 1865; Thomas Smith and nineteen other Philadelphia bankers, Nov. ?, 1865; W. B. Hubbard, Columbus, Ohio, Nov. 13, 1865; J. B. Smith, Peoria, Ill., Nov. 6, 1865; E. B. Judson, Syracuse, Dec. 8, 1865; E. G. Spaulding, Buffalo, Dec. 14, 1865.

[21] "J. B." of Jefferson County, Ohio, in *Bankers Magazine,* XXII, March 1868, 737-738.

[22] T. P. Handy to John Sherman, Cleveland, Ohio, Feb. 5, 1867, Sherman MSS., Library of Congress.

[23] H. M. Kingman to Caleb Cushing, Dubuque, Dec. 26, 1866, Cushing MSS., Library of Congress.

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further monetary curtailment and legislation inimical to the banking interests, and circulated a printed petition which charged that "further reduction of the volume of currency at present would prove highly injurious to the banking, manufacturing and mercantile interests of the country."[24] So importunate were their solicitations that they provoked one member of Congress—John Wentworth of Illinois—into the unusual step of denouncing their petition on the floor of the House as organized special pleading.[25] This group was probably the same "bankers' lobby" that later in the year was reported to have joined with the whiskey lobby in an attempt to oust McCulloch from the Treasury.[26]

The money issue divided the manufacturers as well as the bankers and commercial men, but here the significant division of opinion lay between the stable and the more dynamic business elements rather than between East and West. For the first decade of the post-war greenback period, leaders in iron and steel manufacturing, an industry undergoing rapid growth and profound technological change,[27] were among the more determined foes of "forced resumption". McCulloch's earliest contraction moves had wrung anguished cries from the iron men. The Secretary was denounced as an impractical and dangerous theorist who expected to achieve specie payments by a "few legislative *'whereases* and be it *enacteds'*." Manufacturing was "sweating under a load of taxation which some years ago was *unimaginable,*" complained one iron manufacturer; why not wait then until tariff and internal revenue rates were adjusted to more advantageous levels before placing the great burden of contraction on the producing interests?[28] McCul-

[24] See John Livingstone to John Sherman, New York, Dec. 21, 1866, Sherman MSS.

[25] *Congressional Globe,* 39 Cong., 2 sess., p. 296.

[26] *Washington Daily Morning Chronicle,* Oct. 10, 1867.

[27] Between 1860 and 1880 the capital invested in iron and steel manufacturing grew from $74 million to $230 million while the value of product rose from $97 million to $296 million. At the same time a technological revolution accompanying the development of cheap Bessemer steel was placing investment burdens on the iron manufacturers equaled in few other areas of American industry.

[28] W. D. Lewis to Thaddeus Stevens, Philadelphia, Jan. 10, 1866, Stevens MSS.

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loch's "*species* of experiment", protested another in 1866, was destroying the nation's heavy industry. "The plain state of the case is that the *Industrial* interests, which build up the wealth and revenue of the country, are paralyzed by the *uncertainty* which prevails in regard to his . . . proceedings. What we want is *rest,* breathing time . . . to develop our resources—*dig out* our coal and *iron* and manufacture our iron into rails and machinery."[29]

The ironmasters deplored not only the price deflation under McCulloch's remorseless contraction, but also the accompanying fall of the gold premium which, they believed, served to reduce the cost of competing foreign iron.[30] Even before passage of the Contraction Act the ironmen attacked McCulloch's deflationary funding operations for reviving iron importations from England. By forcing down the gold premium, a delegation from the Iron and Steel Association informed the Secretary in March 1866, he had admitted a flood of foreign pig and fabricated iron and had "come close to destroying the American iron industry."[31]

In their excited reaction to increasing European competition the iron manufacturers made the charge—a cliché of postwar tariff polemics—that foreign gold was behind McCulloch's deflation program. "The contraction and resumption policy", asserted Joseph Wharton of the Bethlehem Iron Company, "was probably urged upon McCulloch by our English enemies. . . . Nothing more in the interest of those . . . enemies and more deadly to the soldiers and champions of the nation who are in mine, mill and farm desperately fighting for her independence could be devised" than a hasty return to specie.[32]

In time this doctrine of the gold premium as an additional tariff levy became a fixed prop of the currency controversy.

[29] Theodore Kimber, Jr., to William Pitt Fessenden, Philadelphia, Jan. 10, 1866, Fessenden MSS., Library of Congress.

[30] Professor Howard K. Beale notes the tariff effect of the gold premium, but asserts that contemporary manufacturers failed to observe the phenomenon. "The Tariff and Reconstruction", *American Historical Review,* XXXV, January 1930, 202.

[31] *Washington Daily Morning Chronicle,* Mar. 2, 1866.

[32] Wharton to Henry C. Carey, Philadelphia, Sept. 16, 1869, Carey MSS., Historical Society of Pennsylvania.

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In 1868 the American Industrial League—a high tariff pressure group composed largely of Pennsylvania ironmasters—made it part of its credo, and thereafter derided bullionist principles as "the bugaboo of the financial nursery, effective to frighten children but of little account in the light of mature experience."[33] The League carried on a running battle with the low tariff, sound money men,[34] and helped establish a pattern linking protection with expansionist financial views, so that by the mid-seventies the inflationist agitation was frequently ascribed to manufacturers who wished to secure "a virtual increase of the impost on foreign products which come into competition with their own."[35]

Following repeal of the Contraction Act in February 1868, the ironmen began openly to advocate monetary expansion. But the ironmasters did not consider themselves radical on the financial question. Never during the greenback period did any substantial body of iron manufacturers approve of the notorious Ohio Idea, the scheme advanced by George Pendleton in 1867 to pay the federal debt in greenbacks. *Iron Age,* the industry's leading trade publication, called Pendleton by the harsh epithet of "repudiator", and commended McCulloch for his courage in resisting paper redemption.[36] The Industrial League in 1868 pronounced "that at all costs to individuals or classes the public faith with the national creditors must be kept unbroken."[37]

Although hostile to "repudiation" the ironmasters, like the western merchants, objected to the shortage of banking and credit facilities in their districts and the resulting exorbitant rates they were frequently forced to pay for credit. Eber Ward of Detroit, pioneer producer of Bessemer steel, told a Congressional committee in 1874 of the "great increase of business"

[33] *Industrial Bulletin,* II, November 1871, 4.

[34] See, for example, *ibid.,* IV, June 1874, 1; V, August 1874, 4-5.

[35] John Dix to Reverdy Johnson, West Hampton, N.Y., Sept. 12, 1875, reprinted in the *Chicago Daily Tribune,* Sept. 22, 1875. For other instances of this association see Lewis Cooper to Benjamin F. Butler, Philadelphia, Jan. 7, 1869, Butler MSS., Library of Congress; Edward Atkinson to Hugh McCulloch, Boston, Oct. 27, 1866, Atkinson Letter Books, Massachusetts Historical Society.

[36] *Iron Age,* V, Sept. 26, 1867, 4; Oct. 10, 1867, 4.

[37] Quoted in the *New York Daily Tribune,* Apr. 29, 1868.

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which had "largely outgrown the amount of currency that the Government [had] furnished." Interest rates were, consequently, high, making it almost impossible to make a profit producing iron and steel in the West.[38] The editor of the *American Manufacturer,* published at Pittsburgh, scolded the proponents of "contraction and forced resumption" for their blindness to the "real condition of matters in the West." If these "theorists" were compelled to manage an iron foundry in the western states for a year or two they would understand what difficulties were involved "in making a profit when interest rates were from eighteen to thirty per cent on good security."[39] The ironmen of Pennsylvania professed to see similar conditions in their own neighborhood. With a population equal to that of New England, the nation's leading iron and steel producing state had only one-eighth that region's circulation, asserted Henry C. Carey, for many years chief apologist of the nation's iron manufacturers. The commercial states had "established a monoply of money power without a parallel in the world"; and while interest rates were low in New England and New York, they ranged from 10 to 30 per cent elsewhere.[40]

Like western merchants who confronted much the same set of conditions, the iron manufacturers championed free banking as the safe method of expanding the currency. In the sixties Daniel Morrell, president of the mammoth Cambria Iron Works, was one of the leading proponents in Congress of repealing the bank circulation limit.[41] In the following decade free banking became something of an obsession with the ironmasters. During the months following the 1873 panic, while Congress searched anxiously for a financial restorative, the ironmen insisted on a moderate greenback expansion coupled with free banking. Even before Congress convened, the American Iron and Steel Association called for a "financial system adequate to the largely increased and increasing business needs of the

[38] U. S. House of Representatives, 43 Cong., 2 sess., *Report No. 328,* pp. 124-126.

[39] *American Manufacturer,* XX, Jan. 9, 1874, 95.

[40] See Carey, *The Finance Minister, the Currency and the Public* (Washington, 1868), pp. 13-14; *Shall We Have Peace? . . . Letters to the President Elect of the United States* (Philadelphia, 1869), p. 41.

[41] See, for example, Morrell's speech of March 10, 1870, *Congressional Globe,* 41 Cong., 2 sess., Appendix, pp. 142 *et seq.*

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country."[42] In the middle of the session, the Union Meeting of American Iron Masters adopted resolutions calling on Congress to lift the bank note ceiling and increase the greenback issue to its original $400 million.[43]

In the months following the panic the industry's trade publications were active in urging bank expansion. "That we need more currency is the universal testimony of all but the money lenders, who reap the harvest of usurious gains when money is stringent", declared *Iron Age* in October 1873. Ten years before, Congress had fixed a bank note limit which, with the growth of industry, had become grossly inadequate for the nation's needs. The law must be changed lest a rigid circulation become a straitjacket for American manufacturing.[44] In the fall of 1873 editor John Williams plumped for free banking, but accepted the greenback expansion bill which Congress passed in April 1874.[45] Grant's veto of this measure—the so-called Inflation Bill—cut off that avenue of expansion and Williams soon returned to the safer free banking camp.[46]

The other organs of the iron and steel industry, including *The American Manufacturer* and the *Industrial Bulletin*—the latter the publication of the Industrial League—took up the inflationist cause during the crisis of 1873-1874. "Currency is but a tool," explained an *American Manufacturer* editorial shortly after the collapse, "an agent to perform a certain work, viz., exchange and barter, and each community should have the right to decide how much will answer its needs."[47] The *Industrial Bulletin* eulogized expansionist Senator Simon Cameron of Pennsylvania, who had brought the currency question "down out of the clouds into the region of fact and common sense,"[48] and derided a much-lauded sound money address of Missouri's Carl Schurz as "the sort of special plea that a lawyer

[42] *Commercial and Financial Chronicle,* XVII, Nov. 22, 1873, 681.

[43] *Iron Age,* XIII, Feb. 12, 1874, 19. Secretary McCulloch had succeeded in reducing the original $400 million of legal tender by some $44 million before Congress withdrew his contraction power.

[44] *Ibid.,* XII, Oct. 2, 1873, 18.

[45] *Ibid.,* XIII, Apr. 16, 1874, 14.

[46] *Ibid.,* Apr. 30, 1874, p. 14.

[47] *American Manufacturer,* XIII, Oct. 16, 1873, 3.

[48] *Industrial Bulletin,* IV, January 1874, 1.

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who had a bad cause might make."[49] The *Bulletin* had not a "particle of confidence" in the hard money philosophers who believed "that when perfectly solvent business men need money they should not be able to get it."[50]

Through most of the greenback period the ironmasters remained antagonistic to sound money. Abhorring the "repudiation" doctrines of western agrarians, they stood for moderate, controlled expansion guided by the increasing business needs of the growing nation. "The country needs more money, and there should be an orderly method of freely getting it," was Congressman Daniel Morrell's succinct summary of the ironmasters' position during the decade following Appomattox.[51].

In the less dynamic areas of American manufacturing, hard money sentiment predominated. By the 1860's, the textile industry of New England was firmly established, with its period of most rapid expansion already past. New England's banking resources were more than adequate for the industry's needs,[52] and the Yankee cotton manufacturers did not feel the same credit pinch that made other business men easy prey to soft money doctrines. Moreover, the ability of the cotton manufacturers to undersell foreign competitors in the United States[53] reduced the attractions of the tariff effect produced by the gold premium. The cotton men were, in fact, often more disturbed by the post-war loss of foreign markets, which they ascribed to inflated American prices, than by British competition.[54]

Some of the most ardent supporters of McCulloch's contraction were to be found within the ranks of the New England

[49] *Ibid.*, February 1874, p. 1.

[50] *Ibid.*, January 1874, p. 1.

[51] See Morrell's letter to John Scott, Pennsylvania's Junior Senator, in *ibid.*, June 1874, pp. 4-5.

[52] In addition to possessing a disproportionately large share of the national bank circulation, New England was more highly favored with state and private banks, savings banks and trust companies, than most other areas of the nation. U. S. Treasury, *Report of the Secretary of the Treasury . . . on the State of the Finances for . . . 1876*, p. 160.

[53] Frank W. Taussig, *Some Aspects of the Tariff Question* (Cambridge, 1924), pp. 267-268.

[54] For a summary of the cotton manufacturers' position see the remarks of Massachusetts Senator Charles Sumner, *Congressional Record*, 43 Cong., 1 sess., p. 143.

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textile men. William Gray of the Atlantic Cotton Mills was prominent among the business men urging McCulloch not to falter in his unpopular deflation policy.[55] Edward Atkinson, a cotton manufacturer as well as an economic popularizer and reformer who looked upon "the financial question as almost as vital as the question of reconstruction,"[56] was one of the most active and effective assailants of financial deviation through the greenback period. At the 1868 National Commercial Convention it was Atkinson who rallied the forces which defeated the free banking resolutions of the western merchants.[57] Between 1868 and 1879 the Brookline reformer and his circle of "radical" business men waged a veritable crusade against monetary heresy. Atkinson himself published at least eight articles and pamphlets in the sound money cause before 1880,[58] and during the late 1860's joined with such members of the eastern intelligentsia as Charles Francis Adams, Jr., Edwin L. Godkin of the *Nation*, Charles Eliot Norton of the *North American Review*, and Professor Francis Lieber of Columbia College to form an "Economic Club" which distributed sound money tracts and broadsides to business men, editors and prominent politicians.[59] Later, during the Congressional session that followed the panic of 1873, Atkinson was a leading figure in the massive propaganda campaign mounted against the Inflation Bill.[60]

Among the more orthodox textile men, Amos A. Lawrence of the prominent Massachusetts industrial dynasty was another

[55] Gray to McCulloch, Boston, Dec. 11, 1867, McCulloch MSS.

[56] Atkinson to Charles Sumner, Boston, Feb. 19, 1868, Charles Sumner MSS., Harvard University.

[57] *Proceedings of the National Commercial Convention*, pp. 144, 184-185, 190 *et seq.* Also see Atkinson to Charles Sumner, Boston, Feb. 11, 1868, Sumner MSS.; and Atkinson to Charles Eliot Norton, Boston, Feb. 15, 1868, Norton MSS., Harvard University.

[58] Harold F. Williamson, *Edward Atkinson: The Biography of an American Liberal, 1827-1905* (Boston, 1934), pp. 93 *et seq.*; a list of Atkinson's currency writings is given in the Bibliography in *ibid.*, pp. 283-285.

[59] See Atkinson to James W. Grimes, Boston, Sept. 10, 1867; Godkin to Atkinson, New York, July 15, 1868; Norton to Atkinson, Cambridge, Mar. 21, 1868, Atkinson MSS.

[60] Atkinson, "Veto of the Inflation Bill of 1874", *Journal of Political Economy*, I, December 1892, 117-119.

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outspoken antagonist of the paper standard. Like Gray, Lawrence defended the Contraction Act, which, though it had admittedly produced some business distress, had also come "near bringing us back to specie." With that measure repealed, the whole painful process of contraction would sooner or later have to be repeated. Lawrence detested the greenbacks and believed it would be the "greatest blessing" if one fifth of "that filthy currency were destroyed by fire."[61] It is not, then, surprising that he judged harshly the rare financial heterodoxy of his fellow textile manufacturers. Such a man as Senator William Sprague, the millionaire cotton magnate of Rhode Island, who had made mild inflationist pronouncements in Congress, was in Lawrence's eyes a rank opportunist. The Spragues, he pointed out, were "the greatest speculators among the whole body of manufacturers in New England" and feared contraction would ruin them.[62]

Lawrence was not the only sound money man who used the label "speculator" to disparage anti-resumption business men,[63] and in these years there was, indeed, much irresponsible gambling by business men on the fluctating gold-paper ratios. One blatant case of such speculation involving Charles Speer, a Pittsburgh banker, vividly illustrates the extent to which immediate circumstances often governed the currency attitudes of business men. Speer, who was Assistant Cashier of the First National Bank of Pittsburgh, became involved in specie manipulations early in 1867 and soon was "in on $20,000 gold." Shortly thereafter he suffered serious losses following a sharp break in the gold premium, and by early November was thinking seriously of selling out. But Speer continued to hope for a rise and at the end of the month he wrote his friend Chauncey F. Black, son of Judge Jeremiah S. Black, expecting to pick up some inside information of Washington affairs that might help him decide on his future course. He asked his friend: Was Congress likely to agitate the currency question at the current session? Was there a chance that the Pendleton scheme might be adopted? What about the rumors that McCulloch might be dismissed? Any of these contingencies, or indeed any

[61] Lawrence to Charles Sumner, Boston, Apr. 20, 1870, Sumner MSS.

[62] Lawrence to Sumner, Boston, Mar. 25, 1867, *ibid.*

[63] For example, the *Chicago Daily Tribune*, Sept. 15, 1875, and *Bankers Magazine*, XXII, August 1867, 82.

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move that raised the threat of inflation, would advance gold. If none of these developments could be expected in the near future, Speer would sell out, take his losses, and "wait for a better time to go in."[64]

The gold gambler was, perhaps, a special case, but in a broad sense much of the business of the buoyant post-war era was speculative. These were the years of the "Great Barbecue", when bold and often unscrupulous business adventurers were appropriating the nation's untapped resources and transforming its undeveloped regions into a great industrial and agricultural empire. To the promoters of the new western railroads, mines, and timber lands, falling price levels spelled ruin, and they often looked benignly on currency expansion. "Talk about basing the currency on gold," observed Colonel Beriah Sellers, the literary prototype of the post-war businessman-speculator, "you might as well base it on pork. Gold is only one product. Base it on everything. You've got to do something for the West. . . . We must have improvements."[65] The Colonel's views, if not his particular exuberance, might have been echoed by almost any of the ambitious promoters of the Gilded Age.

In many ways Jay Cooke, the prominent Philadelphia banker, typifies the post-war business promoter. Cooke had been the Treasury's chief bond agent during the war and felt strongly about repaying the bondholders "faithfully" in gold. He was quick to detect and denounce the slightest hint of repudiation, and feared that an uncontrolled inflation would destroy federal credit.[66] In 1866 his brother, Henry D. Cooke, helped lobby the Contraction Act through Congress.[67] But shortly thereafter

[64] Speer to Black, Pittsburgh, Nov. 30, 1867, Jeremiah S. Black MSS., Library of Congress.

[65] This, of course, was the colorful figure of Mark Twain's and Charles Dudley Warner's *The Gilded Age*.

[66] Henrietta M. Larson, *Jay Cooke: Private Banker* (Cambridge, 1936), pp. 207-208.

[67] It was not, however, the contraction feature of the 1866 measure that the Cookes valued. At this point Jay Cooke and Company was involved in refunding the short-term debt for the Treasury and regarded the bill as an aid in their operations. See Henry Cooke to Jay Cooke, Washington, Dec. 6, 1865, Jay Cooke MSS., Historical Society of Pennsylvania. For the Cookes' part in passage of the Contraction Act see H. D. Cooke to Jay Cooke, Washington, Jan. 24, 1866, *ibid.*

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Cooke had become involved in numerous promotional business ventures, ranging from life insurance to coal, iron, and timber land speculations, and had begun to develop the interest in western railroads that was later to prove his undoing.[68] The Philadelphian not only came to deplore contraction but, like other promoters during these years, was soon proclaiming the virtues of a "currency expansion *moderate* but keeping pace with the new habits and enlarged area of Country." In a letter of 1869, he asked:

> Why should this Grand and Glorious Country be stunted and dwarfed—its activities chilled and its very life blood curdled by these miserable "hard coin" theories—the musty theories of a by gone age—These men who are urging on premature resumption know nothing of the great & growing west which would grow twice as fast if it was not cramped for the means necessary to build Rail-Roads and improve farms and convey the produce to market.[69]

Cooke was only one of a large contingent of investors who permitted their stake in a growing America to influence their view of national finances. The career of Thomas Ewing, Jr., illustrates even more vividly the relationship between inflationist-convictions and promotional business activities, and also sheds considerable light on the origins of political greenbackism. Ewing, a brevet Major-General during the Civil War, was the son of a Whig Senator of the Jacksonian era who was later a cabinet member under Harrison, Tyler and Taylor. After the war, the young Ewing tried his hand at law in Washington, but returned to Ohio in 1870, where he soon became a prominent figure in the state Democratic party. At about the same time, the General and his brothers Charles and Hugh developed sizable interests in central Ohio coal and iron lands, began to invest in the Chesapeake and Ohio Railroad, and embarked on the manufacture of rails to supply the demands of the burgeoning railroad network.[70]

[68] Larson, *op. cit.*, pp. 238-253.

[69] Quoted in *ibid.*, pp. 205-206. I have used Miss Larson's version slightly amended by one found in the Treasury papers at the National Archives. For the latter see Jay Cooke to Henry D. Cooke, Philadelphia, Nov. 23, 1869, Treasury Dept. Misc. Letters Received (1869), No. 292, National Archives.

[70] For the Ewings' business ventures see the following: Thomas Ewing, Jr., to Hugh Ewing, Lancaster, Ohio, July 29, 1871, and Nov. 17, 1871; Thomas Ewing, Jr., to Charles Ewing, Lancaster, July 14, 1873, in the Ewing MSS., Library of Congress.

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The panic of 1873 and the long business decline that followed were a heavy blow to the Ewing enterprises. The Chesapeake and Ohio defaulted soon after September 1873, and in the following months the family partners were hard pressed to preserve their other investments.[71] During the remainder of the decade, while the Ewings fought a losing battle to escape bankruptcy, like other business men, they held the "infernal" Resumption Act of January 1875 responsible for much of their distress. The resumption measure, passed by a strict party vote in the Republican-dominated Forty-third Congress, had, the Ewings believed, paralyzed all business activity and made it impossible for the family to recoup its losses. "If that . . . law were repealed or amended," the General pointed out to his brother Charles in 1877, the family "coal and iron lands would sell at once."[72]

Through the late seventies Ewing led the Ohio Democracy in a succession of political contests which superficially resemble the Ohio greenbackism of the previous decade. But unlike the Pendletonians of the sixties Ewing did not speak primarily to the state's agrarian masses. While many of his followers actively cultivated the labor vote, Ewing directed his appeals to Ohio business men, who, like himself, were disturbed by the imminence of resumption.

Ewing's speeches in the hard-fought 1875 gubernatorial contest in Ohio disclose the antipathy that he and other western business promoters felt toward the resumption legislation of 1875. "The business men of the country", Ewing declared in an address at Findlay, were "thoroughly satisfied with the greenbacks—they have never asked redemption in coin." Under the paper system the nation's manufactures and commerce had "prospered beyond all precedent, and prospered most when it [the greenback issue] was relatively most abundant." It was not the laborers, farmers, or "producing capitalists" who demanded contraction and specie payments; it was the security holders, "not the workers but the drones of the hive," who hoped to profit by depressing all prices and values.[73] The Republicans

[71] Thomas Ewing, Jr., to Charles Ewing, Lancaster, Oct. 29, 1873, *ibid.*

[72] Thomas Ewing, Jr., to Charles Ewing, Lancaster, Aug. 13, 1877, *ibid.*

[73] Thomas Ewing, Jr., *Speech . . . Delivered at Findlay . . . Aug. 14, 1875*, pp. 5-6.

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asserted that only debtors would suffer by contraction. But who were these debtors? They were "largely active men, who combine their energies and talent with the capital of non-producers to carry on the work of production and exchange." These "active men" needed credit but could not afford to borrow, knowing that in addition to the normal interest rate some 17 per cent would be added by the "difference between greenbacks now and gold on the first of January 1879."[74]

Ewing brought his anti-resumption views to Congress in 1877, and, appointed to second place on the House Banking and Currency Committee, the Ohioan immediately became a leader of the anti-resumption forces. Under Ewing's management the Democratic House voted to repeal the Resumption Act in November 1877, only to see the motion buried in the Republican Senate.[75]

Ewing's campaign for repeal continued as long as he had hope of salvaging the family fortunes. In 1879, although the nation had already returned to specie, he ran for the governorship of Ohio on a repeal platform. His defeat coincided with the virtual liquidation of the family's business investments, and shortly thereafter Ewing retired from politics to practice law in New York City.[76]

It would be a mistake to suggest a perfectly stable pattern of business opinion. The influence of the 1866-1868 recession in transforming the views of western financial men has already been noted, and other shifts of opinion closely related to the business cycle were to occur. During the boom period of the early seventies, for example, business groups hitherto committed to sound finance defended the paper standard with regularity. In 1870, though three previous conventions had adopted strong pro-resumption resolutions, the National Board of Trade session was, for the first time, unfriendly to immediate resumption. Even eastern merchants and financial men, obviously content with the new era of prosperity, urged caution in tampering with

[74] Thomas Ewing, Jr., *Joint Discussion Between . . . Thomas Ewing . . . and Governor . . . Woodford of New York on the Finance Question*, p. 9.

[75] The tortuous course of the repeal bill may be followed in the *Congressional Record* for the dates between October 1877 and May 1878.

[76] For Ewing's later career, see Reginald C. McGrane's sketch in Allen Johnson and Dumas Malone (eds.), *Dictionary of American Biography* (New York, 1929-), VI, 238-239.

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the nation's paper currency system. "The labor of man applied to the soil and attention to economy in his expenditure," not legislation, asserted George Buzby of the Philadelphia Commercial Exchange, would bring the nation to hard money.[77] Banker George Opdyke of the New York Chamber of Commerce pointed out how the country, with little interference in money matters from Congress, had enjoyed a season of "at least average commercial prosperity," and "a rapid strengthening of the resources of the country." The return to specie would be accomplished "more certainly by letting well enough alone than by attempting to intervene."[78]

Perhaps the most graphic expression of the altered climate of commercial opinion at the 1870 meeting appears in the remarks of Simeon B. Chittenden, a prominent Brooklyn merchant. At the previous Board convention Chittenden had endorsed resumption. But prosperity had seriously corroded his sound money scruples. Had Congress resumed, he now reflected, "we should not have had the great development of railroads which have come as an incident to our paper money and which may yet prove . . . that a great war and paper money may possibly be a great blessing." Chittenden was not comfortable with his new principles. He could not be certain, he remarked uneasily, that good times were a product of inflation. Still, history would probably show "that the magnificient development of our country was an incident of the great rebellion and of the prodigious amount of paper money which consequently was circulated through the country."[79]

A small majority of the convention, composed largely of the Philadelphia, Pittsburgh, New York and Louisville delegations, rejected a vigorous pro-resumption resolution but the Board made its gesture toward orthodoxy by adopting a weak endorsement of specie payments in principle.[80] By 1874, however, financial disaster had destroyed the happy vision of American business borne along on a swelling greenback tide and the

[77] National Board of Trade, *Proceedings of the Third Meeting, 1870,* p. 182.

[78] *Ibid.,* p. 184.

[79] *Ibid.,* pp. 186, 189.

[80] *Ibid.,* pp. 213-214 and *passim.*

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eastern merchants were once again back in the sound money fold.[81]

That political and ideological factors were also capable of altering business opinion is revealed by the abrupt shift of the ironmasters' financial views beginning in mid-1875. This change apparently was related to the hard-fought gubernatorial contests of that year in Ohio and Pennsylvania. A number of Ewing's followers in the 1875 Ohio campaign engaged in blatant rabble-rousing in appealing for the labor vote, and their excesses deeply offended editor John Williams of *Iron Age*. There was a time, Williams explained during the height of the campaign, when the financial debate had been confined to men of intelligence and education. But that was no longer true. It had become a political recreation, with the "people taking sides . . . without any clearer idea of the consequences of extreme legislation upon either side than is gained from partisan and disingenuous discussion in the political newspapers and upon the stump."[82] After the Ohio election Williams noted that "a success [for the inflationists] . . . would have . . . created an uncertainty as to the future legislation of Congress on the currency question. . . . While a majority of our manufacturers and businessmen do not favor any experimental financial legislation, and are averse to a sudden contraction, they believe that the whole policy of the government should point steadily to resumption."[83]

The *American Manufacturer*, which spoke for the trans-Allegheny iron interests, from a very explicit soft money position in the early seventies, had become evasive by 1876. "We disdain being committed to any of the [monetary] theories afloat", announced a July editorial.[84] In publishing the 1876 platform of the inflationist Independent party the journal described itself as "non-committal upon the doctrines of the platform."[85] By early 1877 the *Manufacturer*, now resigned to resumption, was demonstrating the feasibility of specie pay-

[81] See the citations for the eastern trade associations in note 8, and also the National Board of Trade, *Proceedings of the Adjourned Meeting at Baltimore, 1874, passim.*

[82] *Iron Age*, XVI, July 29, 1875, 14.

[83] *Ibid.*, Oct. 14, 1875, p. 21.

[84] *American Manufacturer*, XIX, July 20, 1876, 3.

[85] *Ibid.*, June 22, 1876, p. 11.

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ments as soon as the nation developed a favorable trade balance.[86]

The year 1875, which marked the about-face of the editorial policy of *Iron Age,* also witnessed an abrupt shift in the financial attitudes of the Industrial League. In the gubernatorial campaign of that year the Pennsylvania Democracy, hoping to capitalize on the apparent strength of anti-resumption opinion, took over whole the platform of the Ewing Democracy in Ohio.[87] Like their western brethren the Pennsylvanians were soon waging their state campaign by appealing to discontented labor as well as to disaffected business men.[88] Disturbed by the "radical" tenor of inflationist harangues, the League's Executive Committee, consisting of ironmaster Joseph Wharton, William Sellers, a prominent machine tool manufacturer, and publisher-historian Henry Charles Lea, issued a manifesto which reversed the currency position the League had taken since its organization. The Democrats' monetary notions were "revolutionary" and "intrinsically in the highest degree unsound", this declaration announced. "Sooner or later the country must return to the standard of value that no nation can change, and all schemes which promise relief by postponing the inevitable are worse than futile and must render the restoration destructive which otherwise should be beneficial."[89]

Despite the defections to sound money, many business men continued to resist specie payment until the very end of the greenback period. The early resumption moves of Treasury Secretary John Sherman in 1877 produced serious alarm "almost approaching a panic" among the bankers and commercial men of Indianapolis.[90] William Allison, now Senior Senator from Iowa, wrote Sherman in June that western railroads were in "bad condition" with "heavy floating debts held by the banks." If the Treasury's resumption policy precipitated a panic it

[86] *Ibid.,* XX, Jan. 8, 1877, 3.

[87] Albert V. House, "Men, Morals and Manipulation in the Pennsylvania Democracy of 1875", *Pennsylvania History,* XXIII, April 1956, 262-263.

[88] See the *New York Daily Tribune,* Sept. 18, 1875; *New York Times,* Oct. 17, 1875.

[89] See the *Nation,* XXI, Sept. 30, 1875, 205; *Pittsburgh Daily Dispatch,* Sept. 27, 1875; *The Financier,* VIII, Oct. 2, 1875, 227.

[90] Oliver P. Morton to John Sherman, Indianapolis, May 25, 1877, Sherman MSS.

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would "break some of our larger railroad corporations." Allison pleaded with Sherman in the name of the railroads to desist from locking up gold and currency for resumption purposes during the all-important fall harvest season.[91] Individual western business men and the Cincinnati Chamber of Commerce joined in protesting against the imminent resumption.[92]

On the very eve of specie payments, Sherman's resumption plans were suddenly threatened from an unexpected quarter of American business. While the eastern banking community as a whole still favored early resumption,[93] one influential group of New York national bankers were concerned lest the Treasury's stockpiling of gold for the resumption reserve drain the banks of the coin they themselves must hold on resumption day. To guard against this possibility a group of these men, led by George Coe of the American Exchange Bank, in 1877 proposed a plan by which the banks would take Treasury 4½ per cent resumption bonds for gold on condition that the coin remain with the banks until needed for disbursement. In the banks' vaults it would function both as bank and Treasury reserves. In effect, the financial men would be willing to provide Sherman with gold if the Treasury agreed to share its reserves with the banks.[94]

Sherman treated this proposal and the banks' plight in a rather cavalier fashion. He could get a better interest rate than the suggested 4½ per cent from the syndicate of international bankers which had aided the Treasury in recent refund-

[91] Allison to Sherman, Dubuque, June 21, 1877, *ibid.*

[92] See U. S. House of Representatives, 45 Cong., 2 sess., *Miscellaneous Document No. 62, passim;* Cincinnati Chamber of Commerce, *Annual Report for 1877,* p. 23.

[93] See the pro-resumption resolutions passed by the American Bankers Association in 1877 and 1878, *Proceedings of the American Bankers Association Convention, 1877,* p. 151; *Proceedings . . . 1878,* p. 135.

[94] *Commercial and Financial Chronicle,* XXV, Sept. 15, 1877, 245 *et seq.; Bankers Magazine,* XXXII, October 1877, 257-261. The Coe scheme resembled that proposed by the New York banks during the 1861 financial crisis. Secretary Salmon Chase rejected the proposal at that time, thereby helping force the banks to suspend specie payments. See Don Carlos Barrett, *The Greenbacks and Resumption of Specie Payments, 1862-1879* (Cambridge, 1931), pp. 8-9.

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ing operations,[95] he told the House Banking and Currency Committee in April 1878.[96] As for helping the banks to build up a gold reserve, the Treasury had no responsibility in the matter; on resumption day they must take care of themselves.[97]

The favoritism shown the syndicate of international bankers, as well as the Secretary's disregard of their resumption problems, goaded the Coe faction into an ill-concealed threat against the Treasury's plans. The New York banks would have a considerable sum of greenbacks in their vaults on January 1, 1879,[98] which if presented for conversion would seriously deplete Treasury coin and very probably set off a general run on the reserve. If the banks wished, Coe remarked to the American Bankers Association as early as September 1877, they could turn Sherman's resumption operation into a humiliating fiasco.[99]

In March 1878, when a delegation from the Banking and Currency Committee visited New York, the bankers made their threat still more pointed. If the national banks were expected to fend for themselves at resumption they might well have no choice but to raid Treasury gold. The highly respected Frederick Tappan of the Gallatin National Bank told the visiting Committee members that he "would like to 'pre-empt' the head of the line" at the Subtreasury when the doors opened on January 1. Coe remarked ominously that first place at the

[95] The syndicate consisted of the following firms and their London correspondents: August Belmont and Co., representing N. M. Rothschild and Sons; J. and W. Seligman and Company, representing Seligman Brothers; Drexel, Morgan and Company, representing J. S. Morgan and Co.; Morton, Bliss and Co., representing Morton, Rose and Co.; and the First National Bank of New York. The last-named, it will be noted, was the only national bank in the syndicate.

[96] U. S. House of Representatives, 45 Cong., 2 sess., *Miscellaneous Document No. 62*, p. 10.

[97] U. S. Senate, Committee on Finance, *Interview of the Committee . . . with . . . John Sherman . . . in Regard to Repeal of the Resumption Act* (Washington, 1878), p. 11.

[98] In December 1878, a few weeks before resumption, the New York banks held over $40 million of greenbacks. *Commercial and Financial Chronicle*, XXVII, Dec. 11, 1878, 580.

[99] American Bankers Association, *Reports of Proceedings at Conventions from . . . 1875 to 1889*, pp. 318 *et seq.*

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redemption window would be worth at least $50,000 to anyone with enough greenbacks.[100]

Fortunately for the Treasury these threats proved to be largely bluster. As Sherman pointed out, the Treasury could easily retaliate by withdrawing government deposits from the offending banks,[101] and, soothed by several last-minute conciliatory gestures by the Treasury,[102] the banks coöperated on resumption day. Not until the very last weeks of 1878, however, could Sherman be certain of the New York national bankers' support.

Diversity then, not uniformity, characterized the financial views of business men after the Civil War. International traders generally supported immediate resumption as a means of ending foreign trade uncertainties. Western merchants were less convinced of the virtues of sound money, and were often anxious to expand the banking system so as to relieve their region's chronic credit shortage. A similar sectional split occurred among the financial men, but even in the East immediate advantage was often the final arbiter of banking as of other business opinion. Two of the nation's largest industrial interests took opposing financial positions. The ironmasters, victimized, so they believed, by high interest rates, and concerned with the protection of their domestic markets, resisted specie payments until at least 1875. The textile magnates, more secure in their control of the home market, were as strongly committed to "honest" finance. Finally, business men active in developing western resources and transportation feared the deflationary effects of returning to gold. Superimposed on this underlying pattern were the many complications produced by individual circumstances, the phases of the business cycle, and, at least in the case of the ironmasters after 1875, fears of political and social upheaval.

[100] *Chicago Daily Tribune,* Mar. 27, 1878; Mar. 29, 1878.

[101] *House Miscellaneous Document No. 62,* pp. 9-10.

[102] These included the tender of part of the final $50 million resumption loan, an offer which, although it came to nothing, did much to soothe the bankers' wounded self-esteem. Sherman also tacitly condoned the bankers' policy of segregating silver on their accounts after passage of the Bland-Allison Act. See John Sherman, *Recollections of Forty Years in the House, Senate and Cabinet* (Chicago, 1895), II, 638 *et seq.; New York Herald,* Nov. 12, 1878; *Chicago Daily Tribune,* Nov. 15, 1878.

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There is surely nothing surprising about this picture of business diversity. It is, in fact, difficult to understand how the myth of a uniform post-war business interest ever won such general acceptance. By the mid-1860's the United States was a nation of continental proportions, far too complex to be explained by the simple dichotomy of "business man" and "farmer". Whatever may have been true of earlier periods of our national development, it is clearly not valid to speak of a single business attitude toward the money question after the Civil War.

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THE APPEAL OF MAOISM IN PRE-INDUSTRIAL, SEMICOLONIAL POLITICAL CULTURES*

REGARDLESS of the strength of organized communist movements in certain countries of the underdeveloped (or, as they are often described, nonindustrial or backward) areas it must be admitted that for the masses of these countries communism, especially in its Chinese version, may hold potentially at least a strong appeal. This appeal of "Chinese communism" is born of the similarities—the social, economic, political, as well as the international positions—of these countries and of China prior to the Communist victory.

Existing side by side with technologically highly developed nations where values of an industrial culture have had time enough to take root, these countries (of Africa, Asia and Latin America) to a large extent are still bound in an agricultural economy, or are in a process of transition where the trends of an advanced industrial culture meet head on with the traditional economic situation. Certain elements in these countries desiring to tear away from tradition-bound stagnation would want to see a rapid industrialization of their economies, a quick technological attainment of the level of the more advanced societies without benefit of the gradualist concomitant culture process which accompanied their industrial growth. In this race for technological achievement, many of the traditional culture-values in the underdeveloped countries have lost their utility while new ones are yet unborn. Often, although

* See Gabriel A. Almond's typology of political cultures in his "Comparative Political Systems", *Political Behavior: A Reader in Theory and Research*, Heinz Eulau *et al.*, eds. (Glencoe, 1956), pp. 34-42. (Also in *Journal of Politics*, vol. 18, 1956.) "Political culture" is distinguished from the somewhat loose and "mystical" general culture-concept. Although related to certain manifestations of the "general culture", the political culture is an outgrowth of a given political system and thus "embedded in a particular pattern of orientations to political action."

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Western institutions have been introduced, old ways of doing things prevail in political behavior patterns.

This, of course, is not meant to imply that the masses in the underdeveloped countries were happier under conditions of a closed economy which held out opportunities only for the few—this is only to say that *in the period of transition* which these countries are currently undergoing the masses are left in a state of social disintegration. In these countries, as in China, the products of modern technology were accepted mechanically and are viewed as "utilities" rather than "values".[1] To the Central American Indian, fresh from the village, his newly found work in the factory becomes a routine which offers at best only material reward, which furthers his physical existence but has no relation to the cultural and spiritual expression of his individuality in the society in which he lives away from the factory. If, in addition to the occurring "distortion of the personal system", he does not even receive enough material reward, the conflict induces restlessness, demoralization and what Emile Durkheim describes as "social pathology". The Chinese sociologist Hsiao-Tung Fei stresses the difference in labor-management relations in the United States, for example, and in China prior to Communist victory. Whereas in the United States the average worker is reluctant to identify himself with the factory, and management attempts to foster such identification, Chinese workers were very much concerned over their management's refusal to permit them close identification with the factory.[2]

Economically, the countries of Asia, Africa and Latin America also have in common the glaringly pitiful discrepancy of their yearly per capita income (average of $100) as compared with per capita income in the countries of Western Europe

[1] The concept of utility is here employed to represent the want-satisfying qualities of a good, commodity, or product. As such it is subjective, varying with the intensity of the perceived need of those who are aware of the "utility" of the object. Thus, utility is a function of the buyer. On the other hand, value refers to the vendibility of a good, product, or commodity. The vendibility is a function of the demand for the product in relation to supply and the market price. Value is, thus, a function of the market.

[2] Hsiao-Tung Fei, "Social Change in Modern China", *The Sociological Review* (1948), vol. XL, Sec. Six, p. 80.

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($500) and the United States ($1,200).[3] While in these countries the inequalities in living standards among the classes are wide, the poverty which exists can be used skillfully by Communist propagandists to point out the international status of these nations and to blame foreign monopolies and "Western imperialism" for the native's plight. (At the same time, however, mention is not made of the fact that in many countries it is precisely foreign capital which, regardless of motive, has contributed to some sort of technological advancement and that in many instances natives employed in foreign companies constitute a form of workers' élite in their own societies.) In order to awaken feelings of nationalism among these peoples and to appeal to the widest social strata, the Communists introduced the loose and non-Marxian term of "proletarian nations". On the other hand, the existence of imperialism, and those tensions to which imperialism gives rise, produce objective revolutionary potentialities. Lenin was perhaps the first to discern such possibilities clearly. He saw in imperialism a stage of capitalism, a stage connotating "moribund" capitalism, in transition to socialism. He said: "monopoly, which grows *out of* capitalism, is *already* capitalism dying out, the beginning of its transition to Socialism. The tremendous socialization of labour by imperialism (what the apologists — the bourgeois economists—call interlocking) means the same thing."[4] Whereas in China, which Mao Tse-tung described as a semicolonial country despite its formal independence, a number of imperialist interests clashed, thereby producing corresponding clashes and discord among the various "ruling blocs" within the country[5] (a situation which made the revolution more feasible), the "half-colonial" countries of Latin America, for example, are subservient to the imperialism of only one Power, namely capitalist United States. It would be a mistake, however, to assume that because the ruling cliques in Latin America are not pulled in the direction of competing imperialist interests, revolutionary prospects there are weaker. As one Communist writer reasons, in Latin America the various ruling class groups struggle

[3] J. C. Muniz, *U. N., Supplement to Major Economic Changes in 1948*, p. 48. The yearly sums quoted above are based upon figures for 1948.

[4] V. I. Lenin, "Imperialism and the Split in Socialism", *Marx-Engels-Marxism* (Moscow, 1951), p. 355.

[5] Mao Tse-tung, "Problems of China's Revolutionary War", *Selected Works of Mao Tse-tung* (London, 1954), vol. I, p. 194.

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"for the 'right' to act as comprador for United States imperialism."[6]

From the Communist point of view, although the United States is the strongest and most aggressive among the world's capitalist-imperialist Powers, it is also the most vulnerable. This vulnerability is specifically the result of United States expansionist tendencies since, while desirous of uniting the entire capitalist world under its control, it assumes all "elements of decay" which are characteristic of capitalism in the stage of imperialism. At the same time, the United States must continue to battle against still existing imperialist rivals struggling for survival. Such logic leads Mao Tse-tung to remark: "The American reactionary has a heavy burden. He must sustain the reactionaries of the entire world. And if he cannot sustain them, the house will fall down. It is a house with a single pillar."[7]

Revolutionary possibilities in Latin America also exist because of still another similarity between this area and pre-Communist China. Unsettled political-military conditions in the twenties provided Chinese Communists with the seeds of a Red Army. The ranks of this Army were swelled with deserters from the Army of the Central Government and its growth was hastened by rivalry between the commanders of the Nationalists and the commanders of other forces. Similarly, in Latin America the military, or certain military figures, can be utilized for the sake of revolution. In the Near East, also, in Syria, attempts were made years ago to influence the group of young military officers.

Given such similarities and the fact that the masses in the pre-industrial, semicolonial cultures, nurtured on Communist, general Left-wing, and nationalist propaganda, are cognizant of the performance of monopolistic Western oil, coffee, nitrate, copper and banana companies, and identify these with the United States (or Britain) and their own domestic dictators—at the same time remaining ignorant of the political and economic realities of the USSR and Communist China—these masses, as Chester Bowles rightly points out, can become impressed with "socialism" which has become a "thoroughly

[6] Victor Perlo, *American Imperialism* (New York, 1951), p. 99.

[7] *Ibid.*, p. 32, as quoted.

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popular word in Africa, Asia and South America."[8] A communist synthesis may indeed come about as a result of aggravated nationalism and the existing social ferment brought on by the clash of cultures in a period of economic transition—plus the added ability of the Communists to manipulate the peasant masses. These conditions gave the Chinese Communists their key to victory.[9] This is perhaps Mao's greatest contribution to the technique of Communist tactics; that is, the manipulation of the dynamism of an impoverished and frustrated peasantry—which in China took on the form of a peasant-based armed struggle—and an appeal to the national and social aspirations of *all* classes. With or without armed struggle, depending upon local conditions, this technique may be extended and applied to countries similar in conditions to the China of the twenties and thirties.

The question then is, to what degree are the tactical orientation upon the peasantry and the concept of broad class collaboration (excluding only those elements openly hostile to the new order and for which the Communists gave up hope regardless of class status) Maoist innovations? Thus the question to be considered next is, how far did Mao Tse-tung depart from doctrinaire Marxism and from the tactical revisions Lenin and Stalin applied to Marx's principles?

The Peasantry

In his analysis of the events in France (1848-50), the Revolution and its defeat, Karl Marx described the peasants as a politically naïve mass, void of universality and slavishly attached to its own narrow class interests—having emerged as a class in 1789. To this group Napoleon became a symbol and a program, and "this symbol bore the unmistakable features of the class that represents barbarism within civilisation."[10] From members of a "spineless" chorus, manipulated by the clergy, the peasants nevertheless managed for a moment to be swept away by the revolutionary surge. But only for a brief moment—soon regretting the material sacrifices they had to offer revolutionary

[8] Chester Bowles, *The New Dimensions of Peace* (New York, 1955).

[9] This point was ably analyzed by G. L. Arnold, *The Pattern of World Conflict* (New York, 1956), although Mr. Arnold is more concerned with the purely economic aspects of the conflict.

[10] Karl Marx, *The Class Struggles in France* (New York, n.d.), p. 71.

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Paris, they became the Revolution's gravediggers. Nevertheless, the peasants remain a vital power on the French political scene. When economic interests are at stake (it would seem whenever a tax collection is attempted), the French peasantry can utilize its power with great force. In defense of these interests, Marx argued, the peasant will not hesitate to reverse his political actions and bring defeat to those whom he formerly supported. When his interests are threatened he will even turn his back on the Jesuits and throw himself "into the arms of the devil, socialism."[11]

Thus, disappointment with the existing order, the fact that he is exploited through mortgages and usury by the same capitalistic interests which exploit the city worker—in brief, the entire gamut of peasant experiences—will, according to Marx, finally bring the peasant around to socialism. However, he will join the proletarian forces only as an ally, giving the proletarian party his vote in return for "the Social-Democratic, the Red republic," the only system under which the peasant will permanently gain his rightful status. This status, however, will continue to be secondary to that of the proletariat—according to Marx the only true revolutionary force. However, before this would happen, Marx foresaw the "proletarianization" of the peasant which would come as a result of mechanization of farm implements, and as a result of industrial expansion which would convert the old homestead into an agricultural factory.

In 1894 when Russia was just on the threshold of industrialization, Lenin already spoke of a "rural proletariat".[12] In this "rural proletariat" he saw a force without whose aid the worker would be unable to reach victory but which, so long as semi-feudal conditions continued in Russia, would be capable only of periodic outbursts but not of intelligent political action.[13] This conclusion compelled Lenin years later, in an attack against the *Narodniks,* to make an almost despairing remark in regard to the Russian peasant, accusing him of being "a small proprietor", a "petit bourgeois", "who nearly always either hires himself out as a laborer or hires workers. Being a small

[11] *Ibid.,* p. 116.

[12] Lenin, "What the 'Friends of the People' Are and How They Fight the Social-Democrats", *Marx-Engels-Marxism,* p. 94.

[13] *Ibid.*

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proprietor, the toiling peasant vacillates between the masters and the workers, between the bourgeoisie and the proletariat, in politics also."[14] Nevertheless he also believed, as did Marx, that in time the interests of the peasantry would clash with those of the ruling classes and therefore the peasants' hope for assertion of their claims lies with the city proletariat. Eventually, these two forces would unite in insurrection and together complete the "democratic revolution"—which, however, is a stage, the first stage—on the road to socialism. In the struggle to attain the second stage, union between worker and peasant would have to dissolve as at this point the peasant's interest would be contrary to the interest of the socialist revolution—the peasant being unwilling to collectivize the land which he gained as a result of the first democratic revolution. In the struggle for the second, the higher revolutionary, stage, "the peasantry as a landowning class will play the same treacherous, vacillating part as is now being played by the bourgeoisie in the struggle for democracy. To forget this is to forget Socialism, to deceive oneself and others as to the real interests and tasks of the proletariat."[15]

It is important to bear in mind this prediction of Lenin's when analyzing the later relationship between the Soviet government and the Russian peasantry. The following questions may very well be asked: Did Stalin "forget socialism"? Did Stalin permit himself to be "deceived"? For Stalin was faced with the problem, not of how to achieve the first stage of the revolution with the aid of the peasants, but of how to secure the power of the Communist party after the party declared that the Revolution had entered its second stage. Under Russian half-feudal conditions the second stage could not wait, as Marxist Karl Kautsky wanted, until with increasing industrialization the true proletariat would grow to such extent that it would by sheer mass overweigh the classes opposed to socialism, including the peasantry. Stalin faced a genuine dilemma knowing that while the peasantry was opposed to socialism, Communist power could not continue without the aid of, or at least toleration on the part of, the "middle strata" of which the peasants

[14] V. I. Lenin, *Capitalism and Agriculture* (New York, 1946), p. 57.

[15] Lenin, "Two Tactics in Democratic Revolution", *Marx-Engels-Marxism*, p. 181.

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are the major component. Thus, not only revising Marx but in essence also labeling Lenin a bad prophet, Stalin declared: "The October Revolution proved that the proletariat can seize power and retain it, provided it is able to sever the middle strata, especially the peasantry, from the capitalist class and provided it is able to convert these strata from reserves of capital into reserves of the proletariat."[16] How this was accomplished, the manner in which this "small property" class was made to "deny" its interests and become a reserve for the proletariat, in the second stage of the revolution, is perhaps one of the darkest chapters in the annals of the USSR.

Mao Tse-tung in China, in his desire for rapid industrialization as a step toward the higher revolutionary stage, currently faces the identical dilemma. To Mao, however, in his bid for power, the peasants were not simply mere allies of the city proletariat. The Chinese proletariat, in fact, was quite alienated from the movement as the disastrous events of 1927 made strikingly clear.[17] In his "Analysis of the Classes in Chinese Society", Mao attempted to convince his more doctrinaire comrades as early as 1926 that the revolution must widen its class base in order to succeed, with special emphasis placed upon the village. His analysis of the middle class in this essay is veritably a word by word repetition of a similar analysis by Lenin. Like Lenin, Mao was not blind to the "revolutionary qualities" of the peasantry whose poorest members he termed "semi-proletariat" (which from the Marxist point of view was a misnomer in semifeudal China as in semifeudal Russia).

To Mao Tse-tung, however, the revolutionary qualities of the peasantry were far more significant than they were to Lenin. While the proletariat in its majority stood on the side lines, the Chinese peasants revolted. Moreover, these peasant revolts were not such as would fit the description by Lenin (sporadic and sullen outbursts void of political coherence). Under the leadership of the Peasant Associations, they were organized and coherent, and followed a well-defined revolutionary pattern.

[16] Joseph Stalin, "October Revolution and the Middle Strata", *Marxism and the National Question: Selected Writings and Speeches* (New York, 1942), p. 179.

[17] The alienation of the Chinese workers from the Communist party is excellently illustrated by Benjamin I. Schwartz in *Chinese Communism and the Rise of Mao* (Cambridge, 1951), pp. 97-98, 128.

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Thus a year after writing his "Analysis of the Classes in Chinese Society" Mao brought back from his native Hunan a glowing report describing the goals and the organization of the peasant revolt. To his mind the peasants ceased to be mere allies and were promoted to the rank of revolutionary equals with the proletariat. Furthermore: "This leadership of the poor peasants is absolutely necessary. Without the poor peasants there can be no revolution. To reject them is to reject the revolution."[18]

Some features of this peasant revolution were later incorporated into the communist movement. Mao was impressed not only by the organized reign of terror, which he viewed as absolutely necessary, but also by the puritan norms of peasant leadership (e.g., the ban on opium smoking and gambling), and the attempts of the Peasant Associations to exact conformity from disobedient followers. These first awkward attempts of the peasant leaders to enforce discipline no doubt gave birth to the latter-day pattern of "voluntary confessions" in Communist China.

Indeed, with the aid of the peasants Mao established his first bases and formed the core of his army, with which he won supremacy in the party and eventually power in the land. While his competitors within the Communist party, with the aid of the Comintern, organized futile and ill-fated workers' uprisings in the cities and thereby lost their leadership positions, Mao Tse-tung's peasant orientation was successful.

Multi-Class Appeal

History, Marx declared, is the history of class struggles.[19] Although viewing only the proletariat as the true revolutionary force, he nevertheless recognized the revolutionary rôle which the *bourgeoisie* played at various stages in history.[20] He therefore could recognize the utility of temporary tactical and political alliances even with parties containing radical-bourgeois elements within their ranks. He said: "Communists every-

[18] Mao Tse-tung, "Report of an Investigation into the Peasant Movement in Hunan", *Selected Works*, vol. I, p. 32.

[19] Karl Marx and Friedrich Engels, *The Communist Manifesto* (New York, 1948).

[20] *Ibid.*, p. 11.

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where support every revolutionary movement against the existing social and political order of things."[21]

However, these political alliances, built upon common hostility toward the existing régimes, should not becloud the idea of continued struggle along the line of diverse economic interests. "The property question" should never be forgotten by the workers.

Fear of political alliances, even those of temporary nature, fear that even association between proletarian and bourgeois deputies in national assemblies where the latter represent a majority may weaken the class consciousness of the former, compelled French socialist militants, ex-communards, to resist not only alliances with other parties but even the very notion of running for office and becoming exposed thereby to nonproletarian influences. The ex-communard Jean Allemane demanded that leaders of the proletariat be of proletarian background, thus rejecting the possibility of successful collaboration with men of bourgeois background even within the ranks of the workers' party.

Lenin, in his critique against the *Narodniks* and the *Narodovoltsy*, defending the necessity for an independent workers' party, voiced the opinion that the worker is not only the champion of socialism but also the *sole* champion of political freedom as well. The desire to attach the worker, in the struggle for political freedom against absolutism, to bourgeois radicals indicates blindness to the natural antagonism which exists between the proletariat and the *bourgeoisie*. It means the creation of an illusory web of "solidarity of the whole 'people' against absolutism."[22] However, since the economic struggle of the proletariat must evolve into a political struggle and since nonproletarian elements may be attracted to the political aspect of the struggle, Lenin saw potential auxiliary forces among the persecuted national and religious minorities of the Czarist Empire, in "the small merchants, manufacturers and peasants, who can nowhere find protection from the persecution of the officials and the police. All these groups of the population are incapable, separately, of carrying on a persistent political struggle."[23]

[21] *Ibid.*, p. 44.

[22] Lenin, *Marx-Engels-Marxism*, p. 98, note.

[23] Lenin, "Our Program", *ibid.*, pp. 128-29.

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As with the peasants, however, these nonproletarian elements must be watched since they will be satisfied with mere "pseudo reforms" and resist the final struggle for socialism. They may become allies, though, during the stage when the struggle is waged against bureaucracy and absolutism.

Thus, we can already see the outline of a possible, tactical four-class alliance consisting of workers, peasants, petty *bourgeoisie* ("small merchants"), and the national *bourgeoisie* ("manufacturers"). However, Lenin saw only the first two as chief components of the "people", while at the same time stressing his afore-mentioned reservations in regard to the peasantry.

On the problem of the composition of the "people", in China, Mao Tse-tung stated: *"At the present stage* in China, they are the working class, the peasantry, the petty bourgeoisie, and the national bourgeoisie."[24] Thus, so far, Mao adhered to the Leninist outline. However, unlike Lenin, Mao saw in the four-class alliance a "solid revolutionary united front."[25]

This was far different from what occurred in Russia in 1917. There, according to Stalin's official account, the Bolshevik party, "the working class, in alliance with the poor peasants, and with the support of the soldiers and sailors, overthrew the power of the bourgeoisie".[26]

In Russia, according to the same account, the Socialist-Revolutionaries, the Mensheviks, and the Anarchists ("petty bourgeois parties" according to Stalin's description) traveled a road of compromise and in an attempt to collaborate with the *bourgeoisie* assimilated the latter's characteristics. In Germany, on the other hand, the revolution failed precisely because the proletariat was too attached to the *bourgeoisie* and became "an obedient tool of the bourgeois parliament."[27] Thus, Stalin logically concluded that so long as the "only true party" tolerates the coexistence of other proletarian or petty bourgeois

[24] *On People's Democratic Dictatorship* (Peking, 1952), pp. 13-14. Italics mine.

[25] *Pravda*, TASS dispatch from Peking (Moscow), June 22, 1949.

[26] ***History of the Communist Party of the Soviet Union (Bolsheviks)***, Short Course (New York, 1939), p. 224.

[27] *Ibid.*, p. 231.

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parties, the victory of the revolution is impossible—smashing all other parties became one of the Bolshevik goals.[28]

If, to Marx, political institutions were products of economic conditions and tended to change along with the dynamic changes in the area of economic relations, to Lenin, the political revolution (that is, the first bourgeois stage) was an event in itself, an event which may occur prior to change in the economic structure. Mao Tse-tung, choosing the middle road, attempted to prove that it is of no importance which of the two revolutions (the political or economic) precedes the other; both can coincide and the party as the leader of a four-class alliance can be victorious in the first stage. Thus, the "workers' party", rather than becoming mere partner to the revolutionary upsurge in the first stage—a partner which at the suitable moment would assume the initiative to push the revolution further—became its leader and protagonist seeking its partners from among the other classes. Not only were members of the nonproletarian classes accepted as partners, but so were their political parties. Instead of smashing the "petty bourgeois" parties and groups, the Eighth Congress of the Communist Party of China (in 1956) declared itself in favor of continued long-term coexistence of "democratic parties and groups"—even though the foremost theorist of Chinese communism, Liu Shao-ch'i, announced at the same Congress that the task of socialist transformation would basically be fulfilled at the end of the first Five Year Plan, that is in 1957. In this transformation, partly owing to the increased industrialization drive, the Chinese industrial proletariat will hold top position on the class hierarchy scale because "the industrial proletariat, though small in number, is nevertheless the representative of China's new productive forces and the most progressive class in modern China. . . ."[29]

Thus, the Chinese Communists not only held out the promise of a New Democracy but, officially at least, tried to give the impression that the promise would be and is being fulfilled by a multi-class alliance, a gradual transformation of the economy, and a slow absorption of the nonproletarian classes. Although in reality the promise was not kept, nevertheless it had an appeal to the Chinese masses during the initial stage. Given

[28] *Ibid.*, p. 359.

[29] Mao, *Selected Works*, vol. I, p. 19.

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the objective conditions under which these masses found themselves, Mao's slogan of a New Democracy won their sympathies. His declaration that the policy of the Communist party during the first stage is the control of capitalism, not its elimination,[30] tended to weaken whatever organized resistance there could have been among the national *bourgeoisie*. In fact, the long existence of the national *bourgeoisie* was solemnly promised since "it will take a very long time for China to achieve genuine economic independence."[31]

Telling the Chinese *bourgeoisie* that Sun Yat-sen's Three People's Principles are not in basic conflict with the Communist program minimum but that, to the contrary, the Chinese Communist party is attempting to complete the Revolution begun by Sun Yat-sen, Mao simultaneously attempted to convince these elements that in the forthcoming struggle against imperialism the petty *bourgeoisie* and the *bourgeoisie* would have to look to the proletariat for leadership.[32]

This, in essence, was contrary to the teaching of Stalin and to Stalin's interpretation of Lenin. Mao's New Democracy, if placed under Stalinist analysis, would appear as another *bourgeoisie* scheme—one that would hinder the emergence of the proletarian dictatorship which could never, under any condition, evolve from peaceful development.[33] According to Mao, on the other hand, once the "people" under the leadership of the Communist party smashed the armed resistance of the "reactionary" landlords, the compradors and the bureaucracy, and established the New Democracy, there could be a peaceful development into the higher stage of socialism. Thus, Mao managed to convince many of the bourgeois elements of the futility of resistance while the shrewder among them jumped upon the band wagon.

Mao Tse-tung arrived at what he himself terms a synthesis of Marxism and Leninism and applied it to conditions in

[30] Mao, *On People's Democratic Dictatorship*, p. 20.

[31] *Ibid.*, p. 19.

[32] *Ibid.*, p. 20.

[33] Joseph Stalin, "On the Dictatorship of the Proletariat", in Sidney Hook, *Marx and the Marxists: The Ambiguous Legacy* (Princeton, 1955), pp. 214-17.

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China. It combined the technique of peasant orientation during the initial revolutionary push with an appeal to the widest strata of the population in the name of all-Chinese values. By the adaptation of national goals, the rallying of general support in the struggle against foreign imperialism, potential oppositionary forces were pacified and even won over. These ideas and tactics are Mao's practical contribution to the success of communism. As a Chinese writer remarks: "They are the new conclusions of Marxism for colonial and semi-colonial countries. These new conclusions are correct because they have been verified by the Chinese revolution and because they are being verified by the activities in the countries of Southeast Asia."[34]

These conclusions may also prove valid if applied by the Communists to conditions prevailing in Latin America and similar political cultures.

Flexible Ethics

Tactical alliances with other classes are rendered easier by the Leninist conception of the party and the working class as two separate units. According to Lenin, proletarian consciousness can come to the worker only from outside, through the party which would act as the tutor of the working class[35]—a point heatedly disputed by other Marxists, especially Rudolf Hilferding. The emphasis upon the party as an élite ("the highest of all forms of organization"), a disciplined vanguard which must rise above the masses, is to be found equally in the writings of Stalin and Mao Tse-tung. Such emphasis gives the party the right to employ utilitarian "ethics" as expressed in the freedom to maneuver and to engage in opportunist tactics including opportunist alliances. To Lenin, this meant the true application of dialectic materialism and the ability to distinguish between opportunism and anarchism—in reality, however, it meant knowledge of how and when to maneuver. In this process, duty to the party should be placed above all else. At certain moments "the good of the Party" may dictate, for tactical reasons, the de-emphasis of certain principles—in

[34] Chen Po-ta, *Mao Tse-tung on the Chinese Revolution* (Peking, 1953), p. 85.

[35] *Marx-Engels-Marxism*, p. 143.

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order not to alienate those who may be useful to the cause. Lenin said of atheistic propaganda:

> It is the duty of a Marxist to place the success of the strike movement above everything else, to vigorously resist the division of the workers in this struggle into atheists and Christians, to vigorously oppose any such division. Atheist propaganda under such circumstances may be both unnecessary and harmful—not from the philistine fear of scaring away the backward sections, of losing a seat in the elections, and so on, but from consideration for the real progress of the class struggle, which in the conditions of modern capitalist society is a hundred times better calculated to convert Christian workers to Social-Democracy and to atheism than bald atheistic preaching.[36]

The rigidity of the Left within the party, its unwillingness or inability to maneuver, to make concessions in order to win the coöperation of nonproletarian, non-Communist elements, awoke Stalin's biting critique.[37] The utilitarian ethic, the emphasis upon strict discipline, expressed itself also in the famous "Twenty-One Conditions" for admission to the Third International. Among conditions put forth to prospective member organizations were the demand to maintain, wherever the party is legal, a parallel illegal apparatus, the demand for strict centralization, unconditional support of the Soviet Union, periodic purges—conditions which provoked schisms within the European labor movement and repelled many who were otherwise willing to affiliate themselves with the new International.

Lenin's definition of proletarian ethics, subordinated to the interests of the party, has an anarchistic note, more reminiscent in fact of Bakunin and Nechayev (although Lenin viewed them with hostility) than of Marx and Engels. Marx, although demanding the elimination of ethics from the process of scientific investigation, did not imply the elimination of ethics from the process of social action which is guided by entirely different laws. Engels, in opposition to Proudhon, maintained only that ethics is a relative concept, that moral values change, depending upon time and place.

[36] *Marx-Engels-Marxism*, p. 279.

[37] Stalin, "Rights and 'Lefts' in the National Republics and Regions", *Marxism and the National Question*, p. 169.

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However, the subordination of ethics and morality to politics was accepted by Mao Tse-tung. In 1942, at a conference of writers and artists, he said:

> At present . . . many of our comrades fail to understand even the most fundamental concepts of Marxism-Leninism. It is, for example, a fundamental concept that objective conditions determine the subjective, that the objective conditions of class struggle and national struggle determine our thinking and our sentiments. In fact, these comrades reverse this principle. They say that everything begins with "love." Speaking of love, there can be only love of a class, or class-love, in a class society. Yet these comrades seek a love that stands above all class distinctions; they seek abstract love, abstract freedom, abstract truth, abstract human nature, etc., and thereby prove how deeply they have been influenced by the bourgeoisie.[38]

In addition to Mao's sense of the practical, this flexible concept of ethics, a concept which became one of the intrinsic characteristics of the movement, made victory in China easier. It may also aid the Communists in achieving success in other areas where similar objective conditions exist.

Conclusions

At the opening of the Eighth Congress of the Communist Party of China, Mao Tse-tung declared: "We must give active support to the national independence and liberation movements in countries in Asia, Africa, and Latin America."[39]

The question is: how can this be done? So far as Mao is concerned, this would be primarily through the example of his own victory in China. In the first phase of a revolution which promises the toleration of nonproletarian classes and their parties even though in a secondary rôle, the concept of a New Democracy which embraces the proletariat, the peasantry, the petty *bourgeoisie* and the *bourgeoisie* may appeal to the traditionally anti-Communist classes as well as to all those who are willing to collaborate for various considerations.

The specter of foreign economic invasion, of foreign imperialism, is enough to attract many elements of the petty *bourgeoisie* to a movement which, because of its proved discipline and organization, promises to fight this alien invasion in defense of national values. The Communists, when need be, will

[38] *Problems of Art and Literature* (New York, 1950), pp. 13-14.

[39] Peter S. H. Tang, *Communist China Today: Domestic and Foreign Policies* (New York, 1957), p. 501.

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uphold these national values while at the same time gathering the masses against the outside foe, whose strength and designs are exaggerated beyond proportion. The Japanese invasion in China provided Mao with his national base. Opposition to the traditional "bogie" in Latin America, Yankee Imperialism (or, in the West Indies, British imperialism, and elsewhere French or Dutch imperialism), may offer a similar base. The young educated intelligentsia is attracted by slogans of national liberation from the pressures of foreign monopolies. The small but emerging class of technical experts who feel their skills to be useless in an economy controlled from abroad, and those employed by foreign firms who suffer economic and status discrimination in comparison with foreign experts employed by the same firms, may be drawn to such a movement. Communism resting on a multi-class base, and armed with nationalist appeal, may also find a road to that bourgeois sector of the society which suffers from foreign competition or which, because of its experience, may envision itself in the rôle of managers of expropriated foreign enterprises. Such conditions exist in Panama, in Guatemala and in a number of other countries. General Cardenas' success in Mexico is still based on his nationalization of American holdings. In the Near East similar actions increased the popularity of Colonel Nasser.

The inclusion of the *bourgeoisie* in such a multi-class alliance is a very important point in Mao's scheme. He says:

> The salient feature here is the inclusion of the bourgeoisie; this is due to the fact that under the present circumstances the bourgeoisie can participate once more in the resistance to Japan, and the party of the proletariat should not reject it but bring it into line and ally with it again for the common struggle. . . .[40]

The appeal to the peasantry is based on a promise of agrarian reform, and that to the worker on the vision of increased social, economic and political status.

The Maoist approach does not exclude the army. It makes provision for methods of winning over parts of the existing armies including, not excluding, corrupt generals who may be utilized or absorbed. The Maoist plan also provides a ready blueprint for the establishment of guerrilla bases, and in Brazil Louis Carlos Prestes attempted to implement them.

[40] "The Tasks of the Chinese Communist Party in the Period of Resistance to Japan", *Selected Works*, vol. I pp. 267-68.

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However, a campaign supported by a multi-class base may succeed sometimes without the aid of military insurrection; it may under certain conditions be successful at the polls.

Objective conditions prevailing in pre-industrial, semicolonial political cultures leave them susceptible to a Communist offensive regardless of the numerical strength of the Communist parties at present. While in Europe the middle class produced liberal revolutions in the nineteenth century, revolution in Latin America and the Near East, for example, during this period took conservative direction because of the absence of such a liberal bourgeois force. The present age sees this native element come into its own. It is city-based and is repelled by the existing oligarchies which are rooted in the landed aristocracy, the "compradors" and the church. This new middle class may find the political outlet it seeks in democratic movements but it may also become susceptible to radical-demagogic adventurers of the Péron type or to communism or to both. Thus it can be noted that in many underdeveloped countries the middle class serves as a stronger component of the Communist movement than the "traditional" proletariat. In some countries a democratic trade-union movement may constitute a counterbalance to a Communist offensive; in most of the underdeveloped countries, however, the working class is weak and also backward, mostly because it serves only a limited economic function within a limited market. It is also interesting to note that where such organized movements exist they tend to operate with symbols usually associated with international political labor militancy, but mingled with symbols of a charismatic nationalism.[41]

Because of the similarities between China and the countries still on the verge of modern industrial culture, Maoism, if not a prescription, can at least be a serviceable model of action in such countries for Communists and anti-gradualists to follow.

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[41] See "Problems of Indian Trade Unionism" by Oscar A. Ornati, *The Annals of the American Academy of Political and Social Science*, March 1957, pp. 151-62; also "Labor and Nationalism in the British Caribbean", by George T. Daniel in the same issue of *The Annals*, pp. 163-71; "Politics and Trade Unions in India" by Ralph James, *Far Eastern Survey*, vol. XXVII, No. 3, March 1958, pp. 41-45.

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FREE ELECTIONS IN THE LATIN AMERICAN POLICY OF THE UNITED STATES

THE ISSUE between the United States and Soviet Russia which above all others marked the opening of the cold war was the dispute over the holding of "free and fair elections" in Poland.[1] As the conflict spread to other countries in Eastern Europe and Asia lying between the two superpowers, the United States has repeatedly expressed its immediate objective in the same terms.[2] For instance, American spokesmen demanded free elections in their efforts to prevent Soviet absorption of Hungary, Rumania and Bulgaria, in negotiations for the reunification of Germany, Korea and Viet Nam, and in attempts to terminate the Greek civil war.

Probably the United States has emphasized this procedural criterion for democracy in its negotiations and propaganda because its Communist rival and erstwhile ally has usurped and thereby made ambiguous most of the more general slogans of American foreign policy such as "democracy", "anti-imperialism" and "national self-determination". Soviet resistance to free elections suggested that this device was a sure test for distinguishing bogus "people's democracy" from the genuine form.

More recent experience with bona fide Communist or front-group electoral successes in Guatemala, British Guiana, India, Indonesia, Jordan and prospectively in Viet Nam has cast doubt upon the American premise that any truly "free and fair" election will produce victory for the democratic parties over antidemocratic forces.[3] Even if this assumption were true, it

[1] As early as 1943, Roosevelt was urging that the Soviets hold a new plebiscite in the Baltic states when they were reoccupied. Robert E. Sherwood, *Roosevelt and Hopkins* (New York, 1948), p. 709.

[2] See Vernon Van Dyke, "American Support of Free Institutions in Eastern Europe", Yale Institute of International Studies, Memorandum Number 28, August 10, 1948.

[3] This belief was exemplified by Roosevelt in a speech in 1943 in which he said: "No nation in all the world that is free to make a choice is going to set itself up under the Fascist form of government, or the Nazi . . . or the Japanese war lord form." Sherwood, *op. cit.*, p. 702.

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quite evidently does not follow that successful democratic parties in such states will necessarily be pro-American in their foreign policies.

The United States might not have staked so much on free elections in its post-war foreign policies if its leaders had paid more attention to an earlier chapter of the country's diplomatic history.[4] For the Latin American policy of the United States in the first third of the twentieth century is replete with examples of unsuccessful intervention in support of free elections.

At various times during the period from the Spanish-American War (1898) to the inauguration of President Franklin D. Roosevelt's Good Neighbor Policy (1933), the United States interfered recurrently and in a number of different ways in the electoral processes of Cuba, Panama, Nicaragua, Mexico, the Dominican Republic, Haiti, Costa Rica, Honduras, Guatemala and El Salvador.[5] These episodes in the relations of the United States with its small and weak neighbors of the Central American–Caribbean area should have been test cases from which lessons about the efficacy of a policy of free elections could be drawn. That they were not was a consequence both of the discontinuity of top foreign policy-making personnel in the American political system and of the fact that the policy was not originally an end in itself, but rather a means to prior goals.

Promotion of free elections was not embarked upon deliberately with a view to universalizing democracy in the manner deplored by Professor Morgenthau and George Kennan. Rather it was adopted as an *ad hoc* answer to the chief and traditional security problem which the United States confronted on achieving the status of a Great Power: the exclusion of European power and influence from the Western Hemisphere.

[4] Only Secretary of War Stimson showed he had learned from his Nicaraguan experience. See Harry S. Truman, *Memoirs* (Garden City, 1955), vol. I, p. 79.

[5] These case studies are elaborated in my unpublished doctoral dissertation, "American Support of Free Elections Abroad 1898-1933", Yale University, 1957.

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I. *How the United States Became Involved in Latin American Elections*

Conditions of political unrest and civil war had been practically endemic in some Latin American states since their liberation from Spain. The defaulted loans and the harm to aliens and their property which attended these outbreaks were a continual provocation and temptation to the Great Powers of Europe to intervene. Ever since the enunciation of the Monroe Doctrine the United States had publicly proclaimed European intrusion to be a threat to its security. By the time of the Spanish-American War it was at last in a position to resist such threats, at least in the Central American–Caribbean area now becoming vital to its interoceanic communications.

When the opportunity to deal with this security problem presented itself in Cuba after the war of 1898, there appeared to be three alternatives open to the McKinley administration: annexation, colonization or the establishment of a protectorate. Large-scale annexation and admission of Latin states into the American union on a basis of equality were politically unfeasible because of the presumed unassimilability of the racially mixed population. On the other hand, to reduce the neighbors of the United States to the status of permanent colonies would have been contrary to the deep-rooted anti-colonial sentiment of the American people. It was cogently argued that the United States, as a republic and as the product itself of a colonial revolt, could not become a colony-owning empire without jeopardizing democracy at home. Consequently, the United States was reduced to extending various degrees and forms of *de facto* protectorate over not only Cuba, but also Panama, Nicaragua, the Dominican Republic and Haiti during the next generation.

The problem of what to do with these countries with their numerous peoples of alien culture was well summed up by Secretary of State Elihu Root: "We don't want Cuba ourselves; we cannot permit any other power to get possession of her, and, to prevent the necessity of one and the possibility of the other of these results, we want her to govern herself decently and in order."[6]

With this purpose and with only American domestic political experience to draw upon, free elections were the natural opera-

[6] Philip C. Jessup, Elihu Root (New York, 1938), p. 538.

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tional criterion for "decent and orderly government." The adoption of this rule of thumb was facilitated by the fact that the existing Latin American republics also had democratic constitutions, if not practices, copied from the United States. Thus it was that a growing preoccupation with the political stability of its neighbors, with the problem of how to prevent or halt revolutions, caused electoral intervention by the United States.

But why promote political stability by supporting free elections? Why not simply strengthen the military dictatorships which in fact had ruled most of the Latin American states during the nineteenth century? It could have been argued against this course that even the best-entrenched dictators must fall or die eventually and that the disorders usually attending the transfer of power where force has been used to maintain a régime are likely to be explosively violent. What American policy makers did argue was that the best way to gain the acquiescence of members of the Latin American parties out of power was to ensure that the elections already provided for in their constitutions should be free of the usual fraud and intimidation. Americans long believed that the real cause of their southern neighbors' frequent revolutions was the righteous indignation of the losers over having been coerced or cheated out of electoral victory. That was what the representatives of "out" parties who began to troop to Washington to protest the tyranny of the "ins" told American officials. That was what rebels told American mediators. There was nothing in the recent political experience or ideology of the United States to contradict this assumption. Furthermore, the United States was itself the product of a successful revolution, so it could not consistently aid in suppressing uprisings against tyranny elsewhere. The only way therefore, both to prevent revolutions and to determine whether they were justified if they did break out, was to guarantee free elections.

The initiative for the policy of free elections was not entirely North American. In 1907 the states of Central America signed a treaty which required the signatories to withhold diplomatic recognition from any government which should come into power in one of the five republics as a consequence of a coup

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d'état or revolution until the freely elected representatives of the people had constitutionally reorganized the country.[7]

This provision was similar to a proposal of an Ecuadorian jurist, Dr. Carlos Tobar.[8] It marked a radical departure from the previous policy of the United States of *de facto* recognition. However, the United States adhered in practice to the nonrecognition clause. Secretary of State Root accepted the new policy because he had sponsored the conference which produced the treaty. He also probably thought that it would focus condemnation on the fact of revolution rather than on the legality of elections. It would "pan-Americanize" the sanction and reduce the likelihood of military intervention. The Central American dictators accepted the clause because it meant to them a guarantee of the *status quo* and a perpetual leasehold on office, punctuated at most by the periodic government-controlled elections traditional in the region.

If subsequent secretaries of state had been content to accept without question the word of revolutionary governments in Central America that "the freely elected representatives of the people had constitutionally reorganized their countries," the United States need not have become embroiled in questions of the fairness of Central American elections. But then the treaty would have been rendered nugatory by removing the penalty for both revolutions and controlled elections. Actually, therefore, the treaty simply compounded the problem. It undermined the stability of the region by making the recognition of revolutionary governments more difficult, thus inviting counter-revolution. At the same time it failed to assure free elections by neglecting to provide any method of forcing constitutional, recognized governments to give up the many subtle forms of pressure at their disposal for influencing elections. Dr. Dana Munro, who later participated in American efforts to bring about free elections in Nicaragua, posed the dilemma which the United States faced:

> The policy of refusing to recognize any forcible change of government . . . is a very difficult one to carry out consistently. . . . The ousted authorities, if they themselves secured office, like almost

[7] *Papers Relating to the Foreign Relations of the United States, 1907,* vol. II, pp. 693, 696 (cited hereafter as *Foreign Relations*).

[8] Carlos R. Tobar, *Une Affaire digne d'être Traités au Congres de la Paix a la Haye* (Barcelona, 1907).

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> all Central American administrations, as the result of a successful revolution or an election controlled by the government, can hardly lay claim to a higher degree of legality than their successors. . . .
>
> Even an intervention to protect foreign life and property often determines . . . the outcome of a civil war. . . . It is impossible to intervene merely to prevent disorder, and then leave to the people the choice of their own rulers, for elections . . . are nothing more than a form for putting into effect the choice of the government already in office. . . .
>
> It is unthinkable that the United States, in the name of constitutional government, should permanently identify itself with any one faction or that it should continue indefinitely to use its power to exclude from all share in the administration the party to which a majority of the people of the Republic profess allegiance. Ultimately, an attempt must be made either to hold a fair election or to effect an agreement between the various parties by which a president accepted by all can be placed in office.[9]

A word should be said about the immediate goals of policy makers in promoting free elections. In the day-to-day operations of foreign policy, the ultimate goals in a chain of reasoning such as we find invoked to justify support of free elections are seldom mentioned by the subordinate officials who bear the brunt of the work. Instead, the "desk man" in the Latin American Division or the diplomat in the field invoked various intermediate or secondary goals—for instance, popular acquiescence to government, compliance with treaties, or free elections—as an end in themselves to explain the application of specific measures. In other words, "instrumental values" tended to become "goal values". This tendency to obscure the original purpose of the policy inhibited reassessment of its effectiveness and led to the persistence of the policy for over a decade after its original purpose had ceased to be valid.

II. *The Methods Used to Support Free Elections*

Just as the decision to support free elections was only one link in a chain of reasoning which reached back in most cases to the goal of national security, so free elections in turn required a choice of methods. Eight of these are distinguishable:

1. Establishing a treaty right of intervention
2. Diplomatic representation and protests

[9] Dana G. Munro, *The Five Republics of Central America* (New York, 1918), pp. 259, 308, 310.

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3. Nonrecognition
4. Mediation by special missions
5. Observation
6. Electoral law reform
7. Supervision
8. Threat and use of military force.

Not all of them were used in any one case, let alone in any one episode; nor were they necessarily applied in any fixed sequence. For analytical purposes they have been ranked here in order of their coerciveness, from the least to the most. There was a natural tendency, in fact, to apply them in this order. The State Department, particularly, preferred the least coercive methods and proceeded toward more coercive means only if the first steps proved to be ineffective and further action unavoidable.

The exceptions to this usual order were due to particular circumstances in a situation, such as the greater power and more distant location of the country vis-à-vis the United States,[10] the personal preferences of the dominant American policy makers of the moment, and the extent of learning from experience.

The most considerable exceptions to the sequence for all of these reasons were those episodes in which the problem was how to liquidate an American military occupation, as in Cuba in 1902 and in the Dominican Republic in 1922. Here the power of the United States was already supreme and military personnel with a professional preference for the most direct and coercive techniques was either in control of the situation or on the scene to implement the decision.

With these qualifications in mind, let us examine the typical sequence of methods and the effectiveness of each.

1. *Establishing a Treaty Right of Intervention*

The existence or absence of a treaty right of intervention was an important element in determining what further means, if any, the United States would employ in support of free elections. American foreign policy makers of the early twentieth century were mostly lawyers who from the habits of legal training and practice naturally thought and acted in terms of legal

[10] For example President Wilson refused to intervene in a Peruvian electoral dispute in 1914.

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norms and forms in their conduct of foreign relations. George Kennan has deplored the effects that this "legalistic-moralistic" approach to international problems has had on United States foreign policy.[11] Policy makers like Root (Cuba), Taft (Panama), Knox (Nicaragua), Bryan (Nicaragua, Dominican Republic, Haiti) strove to obtain legal sanction for American intervention.

The treaties themselves did not make intervention obligatory upon the United States in any circumstances, nor did most of them require explicitly that intervention should take the form of guaranteeing free and fair elections, but the existence and form of a treaty could facilitate support of free elections and indicate the means likely to be employed. Thus the Cuban (1902) and Panamanian (1903) treaties encouraged the prompt adoption of strong measures; the Central American treaties (1907, 1923) provided only for nonrecognition and therefore help account for the hesitancy of the State Department to proceed to more active intervention in Costa Rica, Honduras and Nicaragua. Electoral intervention in the Dominican Republic had to be based on a strained interpretation of the Customs Control Treaty of 1907.

Once the good word of the United States was engaged in an agreement or treaty, even if only by implication, Americans felt morally responsible for carrying out the letter of the law and for insisting that other signatories do likewise. They did so with a rigor born of a Calvinist and capitalist belief in the sacredness of contracts and reinforced by the dictum of international law that *pacta sunt servanda.*

2. *Diplomatic Representations and Protest*

The weakest form of action which the State Department took to support free elections on the basis of treaty rights of the United States was the traditional diplomatic protest. Sometimes it was delivered as a preliminary to or in accompaniment of stronger action; more often it was the favored device of cautious diplomats to avoid such steps. Excellent examples of the ambiguity of these diplomatically phrased warnings are the notes

[11] George F. Kennan, *American Diplomacy, 1900-1950* (Chicago, 1951), pp. 95, 100.

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which Secretary of State Colby dispatched simultaneously to the Cuban and Nicaraguan governments in 1920.[12]

In a sense, diplomatic protests against election fraud were really intended as alternatives to supporting free elections and approached nonintervention. They tempted the parties in control of the electoral machinery to try to call the bluff of the United States and present it with a *fait accompli*. This is exactly what happened in the Cuban and Nicaraguan episodes in 1920.

However, these mild protests did serve as a not very effective brake on the worst electoral corruption and coercion because established régimes could never be sure of unqualified American backing against revolutionaries after the American intervention in the Cuban civil war of 1906. So they were wont to give their controlled elections some greater semblance of legality when the State Department protested than their nineteenth-century predecessors had done, lest the unpredictable Yankees seize upon domestic disorders as an excuse for "impartial mediation".

Furthermore, the seemingly harmless protest could contain an implied threat of nonrecognition, of withdrawal of financial support or even of military action and forced supervision of the election. Sometimes these steps were in fact explicitly threatened in the protest.

Another, less drastic method of increasing the sanction of a protest was to publish it, after first threatening to do so (for example, Nicaragua, 1920). Whatever their form, diplomatic representations and public pronouncements, if not joined to threats of stronger action, were the least effective policy instruments for bringing about free elections.

3. *Nonrecognition*

We have seen that in the case of Central America the idea of using the act of recognizing new governments as an instrument of policy to promote stability and democracy in foreign states probably originated among Latin American jurists. The United States adhered reluctantly to the practices prescribed by the Central American treaties of 1907 and 1923 in the hope that they would discourage revolutions.

[12] Secretary Colby to Minister Jefferson, August 26, 1920, *Foreign Relations, 1920,* vol. III, p. 297.

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Gradually what had begun purely as a policy tool became, through habit and precedent, practically an end in itself and was enforced by the United States with greater vigor than by the originators of the treaties. Soon the United States was threatening or applying nonrecognition to countries like Panama (1908), Mexico (1913-1915), the Dominican Republic (1912, 1913, 1916) and Haiti (1914, 1915) which had not signed a treaty legalizing this deviation from the usual requirements of international law. The United States actually withheld recognition from new governments in Latin America pending free elections in the following cases:

Nicaragua (1909-1911, 1926), Mexico (1913-1915, 1920-1923), Peru (1913-1914, 1930), Dominican Republic (1916), Costa Rica (1917-1920), Bolivia (1920-1921, 1930), Honduras (1924-1925), Ecuador (1925-1928), El Salvador (1931-1934), Argentina (1930), Brazil (1930), and Chile (1932).

The one element which all of these cases had in common was that they all followed revolutions or coups d'état. On no occasion did the United States actually withdraw recognition from a regularly constituted and unopposed government simply because it had failed to hold free and fair elections. This fact greatly vitiated pre-election threats of nonrecognition made to governments which were preparing to win by fraud or violence. They often regarded the threat as mere bluff.

In none of the cases of nonrecognition pending free elections in South America, as distinguished from Central America, was more coercive means brought to bear if this means failed. Either the criteria for recognition were changed, or the United States overlooked electoral irregularities and accepted the mere form of a popular election. Even in the strategic Central American region where stringent treaty requirements for recognition were in force, the United States occasionally recognized revolutionary governments after patently unfree elections (for example, Guatemala, 1922). Only in Nicaragua, Mexico, the Dominican Republic and Honduras did the United States follow up its nonrecognition with more active intervention.

How effective was nonrecognition in obtaining free elections where it was used for that purpose? Threats of nonrecognition were usually sufficient to eliminate the unconstitutional candidacies of incumbent presidents for reëlection (Dominican Republic, 1914; Nicaragua, 1916, 1920, 1924). President Wilson

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drove the usurper Tinoco from power in Costa Rica solely by not recognizing him. But in no case, except possibly in Honduras in 1924, did such a threat succeed in halting the myriad minor acts which cumulatively make up an unfree or unfair election unless the threat was accompanied by stronger sanctions.

Such influence as the United States was able to have in favor of free elections by nonrecognition is attributable to several special circumstances: (1) the disproportionate power of the United States in relation to all of them; (2) the tendency of European and other Latin American countries to follow the lead of the United States with regard to recognition in this area; (3) the effect of nonrecognition on foreign credit and ability to buy arms; and (4) the refusal of the United States to pay customs receivership receipts to an unrecognized government.

Despite all of these weighty considerations, Latin American revolutionists repeatedly braved American nonrecognition. The picture of David standing up to Goliath was as apt to rally nationalistic sentiment behind the unrecognized president as it was to encourage disaffection among his people. On the whole, nonrecognition, while one of the cheapest arrows in our quiver, was also one of the least accurate.

4. *Mediation by Special Missions*

Nonrecognition, like diplomatic protest, was an essentially passive means of inducing other countries to hold free elections. The least coercive positive measures that could be taken were the traditional diplomatic procedures of good offices, conciliation and mediation. They might take the form of conciliation between opposing factions by the resident American diplomatic representative. In Central America a favorite American tactic was to offer the neutral ground of a United States warship for interparty or interstate conferences. Since this conciliation was directed primarily toward restoring or preserving peace, the outcome was not necessarily favorable to free elections, though the conferees in Central American examples were likely to turn to that solution because of the requirements of the 1907 and 1923 treaties.

During the course of the period 1898-1933, American presidents and secretaries of state sent a number of "trouble-shoot-

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ing" missions to investigate critical situations in the Latin American republics where the United States government felt it had special interests and special obligations to keep the peace. Because of the personal prestige of these missions, they were often given greater discretion to recommend and even decide solutions to disputes than were the regular diplomatic representatives. The judicial aura of mediation tended to make special commissioners act impartially toward the parties to such a dispute and recommend solutions favorable to the holding of free elections.

The commissioners on the thirty-odd special missions which were sent included such well-known figures of American history as William Howard Taft (Panama, 1904, 1908; and Cuba, 1906), John Foster Dulles (Costa Rica, 1917), Leonard Wood (Philippines, 1921), Sumner Welles (Dominican Republic, 1922; Honduras, 1924; Cuba, 1933), General Pershing (Tacna-Arica plebiscite, 1926), and Henry Stimson (Nicaragua, 1927).

Many of these missions started out with more coercive methods, such as electoral law reform, observation or supervision of elections, already decided upon. They were not therefore examples of mediation, properly speaking.

The mediatory mission, as well as good offices in general, often produced a written agreement which was the basis for the subsequent application by the United States of the other methods and served in lieu of formal treaties which would have had to run the gauntlet of the United States Senate. Sometimes a simple promise by a Latin American government to "guarantee" free elections or to carry out specific action to that end was all that was sought and obtained.

In other cases mediation produced an intraparty or interparty compact. The State Department often insisted on the honoring of these agreements with as much vigor as if they had been solemn, formal treaties. Whenever Americans sponsored intraparty compacts on behalf of the party in power without acting to assure the honesty of the actual balloting, they were in effect helping to prevent rather than support free elections. Likewise, a coalition of all major parties for a single slate in an election or for a division of offices after an election was an alternative to free elections rather than a means of achieving them.

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Even when mediation produced a promise by all parties in a present or threatening civil war to abide by the results of an election, the pledge was foredoomed to violation unless the weaker party had some concrete guarantee of a fair chance, such as American observation or supervision of the election. As a minimum to be effective, a promise to accept the verdict of "ballots, not bullets" required the creation of a provisional coalition government with equal distribution of the key positions of power in the cabinet: army, police, justice, and a neutral president to hold the balance.

5. *Observation of Elections*

In the cases of Panama (1908), the Dominican Republic (1913) and Nicaragua (1924) the United States undertook to observe elections because the parties out of power threatened revolution if the United States did not act in some way to guarantee the fairness of the elections. The United States was unwilling to allow Latin American parties to decide for themselves whether elections were fair or not where revolution might entail American military intervention. Thus, American policy makers faced an ugly dilemma of either helping the "in" party to suppress what in American ideology appeared to be a justified rebellion by the "outs" against tyranny, or of stepping in to decide whether the elections actually were fair or not. Because of this dilemma, election observation was the logical consequence of nonrecognition and mediation—else how could the United States be certain that the electoral condition for recognition had been properly met or the terms of a mediated settlement fulfilled?

Election observation proved to be ineffective if not accompanied by an explicit threat to penalize observed fraud. This threat could be one of nonrecognition or of annulment of the unsatisfactory balloting and the holding of new elections under direct American supervision. Otherwise, the "ins" would be tempted to practice fraud and violence anyway, again in the hope that the United States could be made to accept a *fait accompli*. If that prospect appeared likely, the United States would lose the confidence of the "outs". If the "outs" then withdrew, the observation of an uncontested election would be meaningless. On the other hand, parties in power opposed observation because it implied American lack of confidence in

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their rule. The "outs" might exploit this as proof that the observers favored them. This unfavorable effect of observation on the chances of "in" candidates was accentuated if the observers were in military uniform.

6. *Electoral Law Reform*

American election observers in the Dominican Republic and Nicaragua and American mediators in Cuba concluded that the fraud they detected had its origin in deficient election laws; so the reform of electoral codes was the next logical step after observation.

Americans were not alone in this tendency to be legalistic. Central American delegates to both of the Washington Conferences, 1907 and 1923, introduced articles relating to electoral reform. The latter conference adopted El Salvador's proposal of a complicated "Convention Relating to the Preparation of Projects of Electoral Reform".[13]

The elaborate election codes drawn up by Colonel Crowder for Cuba (1907, 1919), Professor Dodds for Nicaragua (1922) and Sumner Welles for the Dominican Republic (1922) were not suited to the conditions of Latin America because they were based on the experience and laws of the United States. One critic of Crowder commented:

> This legislation was drafted with learning and ingenuity. . . . (It) was regarded as a masterpiece, 'a perfect electoral instrument, or at least proof against frauds and electoral abuses.' Cuba was equipped with governmental machinery that simply could not go wrong. Experience has shown the delusive character of this idea. Colonel Crowder's industry and zeal produced a document which [U.S.] Minister Gonzales later declared he had not found more than four men able to understand. . . . Repeated tinkerings have failed to make this democratic machinery work as intended.[14]

In practice, these codes were amended into innocuity and interpreted by the parties in power to favor themselves.

Sometimes promises of electoral law reform were a way for both the State Department and Latin American parties in power to evade the present issue of freedom of elections. The "outs" were not deceived for long by this tactic and soon

[13] *Conference on Central American Affairs, Washington, Dec. 4, 1922-Feb. 7, 1923* (Washington, 1923), pp. 164, 363.

[14] Leland H. Jenks, *Our Cuban Colony* (New York, 1928), p. 100.

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presented the United States anew with the choice between revolution and free elections. Therefore electoral law reform tended to lead to direct American supervision of elections. Crowder himself finally had to admit, "It makes no difference what the laws are, unless we administer them it will do no good."[15]

7. *Supervision of Elections*

Supervision was the ultimate step in American support of free elections. Military occupation and the dictation of elections procedure were, of course, more coercive, but they only added weight to the authority of the supervisors without changing the kind of task those officials had to perform.

Because supervision involved an apparent infringement of a country's most cherished rights of sovereignty, the State Department resisted the adoption of this technique. The Department did not have the proper machinery for conducting this kind of intervention. Its diplomats were experts in negotiation and representation, not in governing other countries. Besides, they were increasingly aware of the ill effects that any form of intervention, no matter how impartial and well meant, had on relations of the United States with the rest of Latin America. Perforce, the Department had to turn for help to the military, particularly to the United States Marines. The career diplomats in fact were successful in avoiding supervision in all cases but those in which the United States was already militarily deeply involved (Cuba, 1908; Panama, 1912, 1918; Haiti, 1917, 1918; Nicaragua, 1928, 1930, 1932). The Department most often evaded the unwanted responsibility by accepting as final the refusal of the recognized executive of a country to request American supervision—for example, Honduras (1919), Cuba (1920), Nicaragua (1916, 1924).

Only when the party in power was in imminent danger of losing control to a successful revolution of the opposition, or when the key power positions of the state were so equally divided between the parties that the outcome was in doubt, would the incumbent executive request American supervision as a desperate last resort. This act was usually taken as a sign of weakness by the voters and resulted in victory for the "outs"

[15] Frank L. Polk Diary, February 28, 1919, Sterling Library, Yale University.

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unless, as in Nicaragua in 1930 and 1932, American supervision was in fulfillment of a commitment antedating the previous election.

A critic of American foreign policy argued in 1931:

> From the standpoint of Central America, the United States instead of promoting social progress . . . has merely created a feeling of dazed helplessness and a desire to know what the United States will do next. . . . Instead of developing responsibility and independence. . . . American supervision of elections . . . increases a local feeling of irresponsibility . . . thus diminishing the capacity of the country for self government. In Managua, the expression has arisen among house servants: 'Let the Marines do it.'[16]

8. *The Threat and Use of Military Force*

Diplomatic protests, nonrecognition, mediation, observation, electoral reform and supervision usually had the open or tacit sanction of American military and naval force behind them. The point in the sequence of methods at which compulsion was exerted openly differed from one episode to another. In Cuba (1898) and Panama (1903) it accompanied the births of the two republics. In the second Cuban intervention (1906) it preceded electoral reform and supervision. In Mexico (1914, 1916) it precipitated the fall of one dictator but had no effect on the fortunes of another. In Nicaragua, invasion followed nonrecognition in both 1909 and 1927 and was a prelude to mediation and supervision in the latter case. In Haiti (1915) and the Dominican Republic (1916) it came after unsuccessful applications of most of the other methods, but led, not to supervision of elections, but to the suppression of elections for fifteen and eight years respectively! A march to the Honduran capital in 1924, on the other hand, ended a revolution and led to a reasonably free, if meaningless, election.

Military action for free elections took many forms from the "hovering" of a warship off the coast of a Central American or Caribbean country for "moral effect" during a revolution or election, through the establishment of neutral zones during civil wars, to full-fledged military expeditions and occupation.

On the whole, military force was an unsuitable method for promoting free elections because it flagrantly violated the prin-

[16] Raymond L. Buell, "The United States and Central American Revolutions", *Foreign Policy Association, Report,* vol. VII, No. 10, July 22, 1931, p. 203.

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ciple of self-government, because it necessarily was conducted by military men more accustomed to authoritarian organization than to democracy, and because the total power enjoyed by the occupying state over the occupied state was a constant temptation to the former to annex the latter or substitute a policy of paternalism for democracy.

III. *How Americans Defined Free Elections*

American policy makers approached the problem of free elections in Latin America with varying degrees of sophistication about the necessary preconditions for democracy. Most of them started with little practical knowledge of the operation of democratic institutions outside their own country.

Throughout the period with which we are dealing, a process of learning about the conditions of democracy was taking place. By and large, the greater the amount of personal experience with Latin American elections, the greater was the skepticism a man felt about the practicability of making them "free" in the European and North American sense.

Unfortunately, however, this painfully acquired wisdom did not accumulate. Many of the key decisions were made not by the career officers of the State Department but by presidents, secretaries and assistant secretaries and other relatively inexperienced politicians in the top posts in Washington. Therefore there was a tendency for the policy to go through cycles of experiment, learning and rejection. These cycles coincided to some extent, naturally, with major changes of party in power in the White House.

Some examples of the operation of this cycle were: (1) Taft's change of attitude between his Panamanian and Cuban missions of 1904-1908 in which he demonstrated deep concern with the freedom of elections, and his indifference when he became president; (2) President Wilson's reversal in Mexico between 1913 when he used force to overthrow the dictator Huerta for trying to perpetuate himself in power by mock elections, and 1915 when he decided that "the first and most essential step in settling the affairs of Mexico is *not* to call general elections";[17] and (3) Secretary Stimson's reappraisal of the Nicaraguan problem between 1927 when he favored American super-

[17] *Foreign Relations, Lansing Papers,* vol. II, p. 547.

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vision for several elections as "the means for gradual political education of Nicaragua in self government through free elections,"[18] and 1930 when he restored American recognition policy to its pre-1907 criteria which ignored the electoral purity of revolutionary governments.[19]

Elihu Root was the most articulate of those who found the conditions for democratic self-government lacking in Central America and the Caribbean. He and others listed the following prerequisites:[20]

a. Literacy and intelligence
b. Experience in self-government; traditions of civic morality, respect for individual rights and acceptance of majority decisions
c. National cohesion; mutual trust and the absence of irreconcilably bitter class or factional divisions
d. A culturally, racially and linguistically homogeneous population
e. Existence of a middle class through widespread property ownership
f. Understanding of and practice of judicial impartiality
g. Stable temperament and national character
h. A two-party system based on issues of principle rather than on personal or family loyalty.

When American policy makers proceeded to concern themselves with the freedom of Latin American elections despite the absence of the above conditions, they had to wrestle with a number of complex legal and political problems arising from the character of Latin American politics. Answers to these questions amounted to a definition of what constitutes a "free and fair election":

1. Is it undemocratic to restrict the suffrage by imposing literacy and property qualifications?

Secretary Root and Military Governor Leonard Wood tried unsuccessfully to do this in Cuba during the first occupation.

[18] Henry L. Stimson, *American Policy in Nicaragua* (New York, 1927), p. 61.

[19] *Foreign Relations, 1930,* vol. I, pp. 387-389.

[20] Jessup, *op. cit.*, p. 304, and Elihu Root, *The Military and Colonial Policy of the United States* (Cambridge, 1916), p. 172.

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The irresistible world trend, however, has been toward universal suffrage.

2. Can indirect elections be considered democratic?

Sometimes a chief executive whom the United States was badgering to hold elections would try to transfer the presidential balloting to the legislature because he could control it more easily. This practice led the United States State Department into a legal thicket of constitutional interpretation.

3. Does the candidacy for reëlection of an incumbent president or his relative make a fair election impossible?

In the premodern economies of Latin America, the demand for government jobs was great. There were never enough to go around in view of the lack of equally prestigious and remunerative alternatives in business and industry. Opportunities for public employment were further reduced for the partisans of the party out of power by the nepotism and discrimination characteristic of this type of culture.

A president was, therefore, under considerable pressure from relatives and followers who benefited from his largesse to remain in office: by reëlection, the extension of his term, or the nomination of a controllable successor. The Latin American politicians themselves admitted the dangers of presidential self-perpetuation and nepotism. They accordingly had written into some of their constitutions strict prohibitions against reëlection. Some observers saw in the resulting "rotationalism" the closest approach to democracy possible in these states.[21]

This idea was embedded in United States policy by the Central American Treaty of 1923 which forbade recognition "to a government which arises from election to power of a citizen expressly and unquestionably disqualified by the Constitution of his country as eligible to election."[22]

It might be noted that it was the attempt of President Chamoun of Lebanon to change the constitution so that he might be eligible for reëlection which precipitated the Lebanese civil war of 1958.

From the late 1920s on, Latin American presidents turned from reëlection to extension of their terms of office by constitutional amendment. Thus they could stave off the whole prob-

[21] Letter from John Keith enclosed in, Minister Hale in Costa Rica to Secretary of State, March 14, 1917, U. S. Archives.

[22] *Conference on Central American Affairs*, p. 287.

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lem of elections until a more propitious time. The United States protested against this in the Dominican Republic (1927), Haiti (1927, 1930), Cuba (1927) and Nicaragua (1930) as "contrary to the spirit of republican institutions"[23] but with little effect.

4. Does an election have to be contested to be free?

The result of nepotism, of the drive for spoils and of the absence of the essential conditions for democracy in the population was the use of force and fraud in elections by all parties, though the advantage, of course, lay with the party which controlled the electoral machinery.

There was utter lack of confidence that if a party's enemies won office by election, the latter would thereafter respect the rules of the game and give the "outs" a fair chance of winning the next election. This produced a vicious circle of government-controlled elections and revolt by the loser; for, members of each party came to believe that any means was justified to save their country and themselves from their opponents' rule. The stakes at issue in an election were too high: persecution, discrimination, confiscation, imprisonment or exile too often awaited the losers. Revolution thus appeared to be the cheaper alternative to the leaders of the side most likely to lose in an election.

At the very least, they could abstain from voting, as a protest, and to prevent the winners from claiming their allegiance on the basis of a legitimate victory. An uncontested election was usually the signal for a revolution.

The appearance of the United States on a political scene with the gap just described between formal rules of government and actual practice produced a policy dilemma: The "ins" used American guarantees of independence and stability to forestall revolts against their imposed elections. The "outs" then appealed to the United States against its tacit support of tyranny. They asked that the United States either guarantee free elections or allow justified revolution. If American intervention was not forthcoming, the "outs" would start a revolution to force the hand of the North Americans. The losing side in the civil war, be it "in" or "out", would then appeal for American aid.

[23] Acting Secretary Cotton to Chargé Beaulac, March 15, 1930, *Foreign Relations, 1930,* vol. III, p. 697.

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From the beginning of our period in Cuba and Panama, American representatives found that one way to avoid electoral violence and at the same time to assure the performance of the minimum legal forms of constitutional elections was to negotiate a compromise coalition of the major factions. The question was, were these *pro forma* elections really democratic? The United States itself has always had some one-party areas where the real contest, if any, has been in the primary election or party convention of the dominant political machine. Present-day Mexico approximates a one-party democracy of this type.

Unfortunately, the coalition technique, whether or not it was democratic, was only a temporary expedient. The electoral alliance would promptly split up again into its component parts over the division of the spoils.

5. Do free elections necessarily produce a stable government?

Despite experiments with all-party coalitions and with the open fostering of pro-American parties (for example, in Cuba and the Philippines), most Americans regarded the two-party system of the United States as a necessary feature of true democracy. They found two major historic parties in Latin American countries: Conservatives and Liberals. But, in fact, these groups were no more than loose alliances of personal and local factions which coalesced at election time to capture the indivisible American-type presidency.

Of course, this is true also of political parties in the United States, but in Latin America factional alignments were constantly shifting. This frustrated all American attempts to discover a stable majority by free elections, a majority that would enjoy the allegiance or at least the acquiescence of enough of the population to prevent successful revolutions before the next election.

The "out" parties, especially in Cuba, Panama and Nicaragua, claimed to represent an overwhelming majority of their peoples. The fact that there were always more dissatisfied jobseekers than satisfied jobholders lent some authenticity to their claims. The evidence they offered was at least convincing enough to bother American consciences and bring about supervised registrations and elections to determine the "real" size of the parties.

6. Is an election free which excludes anti-American or third-party candidates?

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As early as 1902, Governor Wood refused representation on the electoral board of Cuba to a dissident radical candidate who refused to join the pro-American coalition of major parties. The United States practically excluded the Liberal party of Nicaragua from the elections of 1910, 1912 and 1916 because of the hostile attitude of its leaders. Individual candidates who had engaged in revolutionary activities in the Dominican Republic (1916), Costa Rica (1917) and Nicaragua (1916) were warned that they would not be recognized even if elected. The United States seemed to want the impossible: a free and fair bipartisan contest from which the United States had nothing to fear no matter who won because the main issue, American intervention, had been ruled out of the campaign.

Americans had been shocked to find no "real" issues debated in Latin American elections. Perhaps they had not observed their own election campaigns very realistically! In any case, the United States gradually found itself placed in a position in which, in effect, it named some men as candidates and vetoed others despite its repeated and earnest protestations of impartiality. Each party wanted a candidate who would meet with American approval. This tendency was reinforced by the "band-wagon" effect. In a society where force rather than law has long been dominant, the mere rumor that one side was favored by the American holders of power precipitated an avalanche of votes for that side.

The irritating uncertainty and loss of sovereignty implicit in these phenomena led Latin Americans increasingly to lobby both in the United States Congress and through the South American press to compel Washington to give up its electoral interventions. Latin American critics pointed to the inconsistency between American words and deeds, to the contradiction between the present opposition of the United States to revolution and its own revolutionary origin, and to the examples of municipal electoral dishonesty in Uncle Sam's own backyard.

Political leaders might be obsequious toward the United States in public, but they had their own ways of standing up to it. If they believed that their opponents had received a standing American endorsement or that they themselves had been put on a permanent black list, they could always stir up the latent xenophobia of the populace as a last resort. By 1930,

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Raymond Leslie Buell, a critic of American intervention, was challenging the prevailing assumption that a two-party system is always the best: "no system of supervision is 'fair' which discriminates against third parties and independent candidates; . . . new groups are necessary if the real views of the Nicaraguan people toward the American occupation . . . are to find adequate expression."[24]

When open opposition to the United States was impossible, those leaders who solicited American help in elections often tried to conceal their requests or to blame their opponents for the necessity of accepting these affronts to national pride and honor. There was much maneuvering to get the United States to demand publicly what Latin American leaders requested privately. This ran exactly counter to the State Department's determination to avoid criticism by acting only when Latin American executives requested intervention.

The fact that American intervention itself became the main political issue also accounts for the seeming ingratitude of its beneficiaries. Once a party was in power, it would attack all forms of electoral intervention even if it owed its success to American supervision of the previous election. This was done lest the new "ins" be tarred as American puppets.

IV. *Conclusions*

It should be clear by now that the policy of supporting free elections was not very effective in achieving either the original security goals for which it was adopted or the later goal of free elections as an end in themselves.

The threat to American security from Europe was a real one in the years before the First World War. Our fleet was still relatively weak and it was the European balance of power which really protected us. After the war, even the victors in Europe were weakened while the American fleet had grown to a size such that no navy afloat could venture to challenge it in the Caribbean. By that time, however, the "intermediate objectives" of stability and free elections for their own sake had become independent goals through the momentum of precedent. Only former Secretary Root saw this, when, from retire-

[24] Raymond L. Buell, "American Supervision of Elections in Nicaragua", Foreign Policy Association, *Information Service*, vol. VI, No. 21, December 24, 1930, p. 395.

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ment in 1927, he advised Henry Stimson at the height of the Nicaraguan intervention that "the difficulty of invoking the [Monroe] Doctrine is the difficulty in saying that [United States] safety is imperilled by anything that has yet happened in Central America."[25]

The policy succeeded in creating stability even on a temporary basis only where the military power and naval power of the United States were directly exerted as in Cuba (1906-1908), Panama (1903-1931) and Nicaragua (1912-1925 and 1927-1933), or where the policy had the unintended, ironical and self-contradictory result of paving the way for a strong dictatorship as in Nicaragua, Cuba, the Dominican Republic and Haiti after 1933.

As for free elections as a goal value, we are driven to the conclusion that the impartial support of free elections was impossible and even self-defeating in countries where genuine democracy had not already existed. No matter how disinterested the American policy makers in Washington and their representatives in the field, every American word and action was bound to be misinterpreted as favorable to one side or the other in an election or civil war, given the political milieu unfolded above. Impartiality was inconceivable to people who had never known it from their own rulers. A technically "free and fair" election could thus never play the rôle assigned it by democratic theory of being a real test of party strength as long as American participation influenced the minds and ballots of the voters. Fair elections may well be a luxury of economically advanced countries which a backward country with a largely illiterate population cannot afford; they are not the cause but rather the reflection of social and economic development.

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[25] "Memorandum of conference with Mr. Root, July 6, 1927, Re Nicaragua", Stimson Papers.

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M. PINAY AND INFLATION

SINCE 1935, price inflation has been a leitmotiv in the French economy. Only rarely has it subsided for a considerable period of time. In fact, this has occurred but three times since the Liberation of Paris in 1944: (a) from early 1949 until late summer 1950; (b) an extended term from early 1952 until spring 1957; and (c) recently, in spring 1958. On the last two occasions the same man, Antoine Pinay, presided at the Finance Ministry when the public saw inflation come to an end. Consequently, Pinay has gained a wide reputation in France and elsewhere as a prodigious financial wizard who can halt inflation where others fail. But does this conservative small-town tannery owner from the Upper Loire region deserve such credit as a giant killer? Closer study of the problem may suggest an answer.

The first post-war French premier coming from the conservative Right, Antoine Pinay formed a government with himself as Finance Minister in March 1952 when the Korean-induced inflation still seemed rampant. In France this period of rising prices began in late summer 1950, a few months after the Korean War broke out. It stemmed primarily from a rapid expansion of business investment in capital goods and inventories, with prices for industrial goods leading the way. Producers and sellers, anticipating the unlimited markets of a war boom, rushed to expand their plant, stockpile goods, and raise prices. Well conditioned by earlier years of inflation, consumers reacted by quickly converting their francs into goods, their firm demand allowing sellers to keep prices up.[1] The government permitted those prices which it still controlled to rise also. By the time the need for some deflationary move by the state such as credit restriction became clear, the date set for a general election was near (June 17, 1951) and in this situation the government feared to take any restrictive action. Increases in the minimum wage during March and September 1951, plus a boost of 39 per cent in the government purchase price for wheat,

[1] Ministère des Finances, *Statistiques et Etudes Financières, Supplément Finances Françaises,* No. 18 (1953), pp. 172-177.

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stoked the fires of inflation throughout the year, after they had begun to die down in most other Western countries.

Finally, in October and November 1951 the government moved cautiously to close the spigot of bank credit which fed the inflation by enabling merchants to stock goods in anticipation of higher prices. Interest rates were elevated and a new ceiling was placed on commercial bank discounts at the Bank of France.

But when Pinay came to power on March 8, 1952, M. Dupont, the French man in the street, watched prices still rising (the retail price index, with a base 1949=100, had risen from 106.9 in June 1950 to 145.9 in January 1952 and 148.5 in February). On the black market the United States dollar fetched a 35 per cent premium over the official rate. The preceding cabinet had fallen when the National Assembly refused to vote new taxes to help fill a gaping budgetary deficit. This forced the Treasury into the inflationary procedure of obtaining more special cash advances from the Bank of France. Finally, the foreign trade deficit had grown so large as French prices climbed that quotas on all imports from other Marshall aid countries were reimposed.

Once in office Pinay orchestrated a policy designed to win the confidence of savers and business men in the stability of the franc. Agreeing not to raise taxes, he cut slightly the budget for public investment, tried to persuade sellers to cut prices voluntarily, and obtained Parliamentary approval of an amnesty for past fiscal fraud and undeclared holdings of capital abroad. In return for these concessions, Pinay in June asked for the confidence of moneyed interests in the keystone of his policy: a 3.5 per cent long-term government loan. Capital invested in this issue was tied to the price of the gold *napoléon* as a hedge against later inflation. It also enjoyed tax advantages easily worth another 2 per cent in income. The loan brought in 195 billion francs in new money, a satisfactory total, but only 15 billion francs in actual gold.

The success of the Pinay loan buttressed the premier's reputation, for prices had fallen since he entered office. Actually, Pinay was fortunate enough to be working with the business cycle. The convergence of several deflationary trends began to push prices downward just as he came to power. The stern

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credit policy of October 1951 did slow down the expansion of bank credit for several months. The declining threat of a third world war led business men to reject their earlier hypothesis of unlimited markets and encouraged them to liquidate overstocked inventories. This move was strengthened by consumer resistance to high prices for manufactured goods. Business firms also cut back their investment in industrial equipment which in 1952 dropped more than one-quarter below the 1951 level. These deflationary pressures were reinforced by a decline in world raw material prices and maritime freight rates after mid-1951 and a world-wide slump in the textile industry.[2]

With prices for imported raw materials steadily sinking, with smaller markets for manufactured goods, and with tighter credit, inflated prices could not be maintained. In addition, food supplies were plentiful and seasonal factors helped bring food prices down early in 1952. All these deflationary forces were reflected in a 10 per cent drop in the wholesale index of industrial prices from January to July 1952, while the cost-of-living index declined 3.8 per cent from February to July. It will be recalled that Pinay's loan, which has since received much credit for ending the inflation, was not issued until June. Actually, it worked to consolidate an already firm trend.

We are left with the conclusion that the battle against inflation had been won when by a happy coincidence Pinay appeared on the scene. His importance, secondary as it was, lay in a well-publicized determination to hold the line against a resurgence of prices. He must receive credit for stubbornly refusing to give in to demands by farmers and some industrialists for further price increases in 1952. The general public, however, believed that it was Pinay who had stabilized prices, and a myth was born. This was an unwise simplification because it gave credence to the idea that a government can reverse the business cycle through the power of suggestion and persuasion, and because it ignored the changes in the economic picture already mentioned.

[2] Bank for International Settlements, *Report 1952/1953* (Basle, 1953), p. 27. International Monetary Fund, *International Financial Statistics*, various issues. Economic Commission for Europe, *Economic Survey of Europe in 1954* (Geneva, 1955), pp. 12-14.

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Five years later, in 1957, France edged into inflation again. Clearly, this price rise was demand-induced. Substantial wage increases in 1954 and every year thereafter raised the purchasing power of the average worker more than 20 per cent by 1957, while gains in labor productivity almost matched this figure. The impact of the Algerian War plus large public subsidies for exports and housing construction further expanded demand. In this encouraging atmosphere industry and agriculture invested heavily in new plant and equipment. Although production by French industry, and to a lesser extent by agriculture, grew remarkably under the stimuli of these various demands, it could not entirely supply them. An upward tension on prices appeared in 1956, but by recklessly expanding imports and by artificially stabilizing the official price index with subsidies, the Guy Mollet government limited and disguised inflation.

However, by spring 1957 it became clear that this policy had not succeeded. As reserves of gold and foreign exchange were depleted to pay for greater imports, they rapidly approached the bare minimum, while the dollar aid from the United States on which France had depended for a dozen years now was almost gone. In the meantime high domestic demand continued to exert great pressure on prices, especially food prices. At this juncture the government reversed its economic policy and announced in March 1957 that it was going to restrict domestic demand and reduce imports. Unable to take more than a few timid steps in this direction before its fall, the Mollet régime gave way to that of Maurice Bourgès-Maunoury in June 1957. Upon the new Finance Minister, Félix Gaillard, devolved the rôle of liquidator. An elegant and witty scion of the Parisian *haute bourgeoisie,* Gaillard was another of the brilliant young men like Pierre Mendès-France and Edgar Faure who, specializing in economic affairs, had advanced rapidly in the political jungle of the Fourth Republic.

With the support of most of the National Assembly and the French people, the new government insisted on continuing the costly Algerian affair, so Gaillard's task to reach some kind of external and internal equilibrium was especially arduous. He immediately reimposed quotas on all imports except products of the Coal and Steel Community. Nevertheless, in anticipation of a devaluation, speculation against the franc continued

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with disastrous results for the balance of payments. On August 10, 1957 Gaillard gave in and announced a partial and thinly disguised devaluation. Henceforth the government levied a 20 per cent surcharge on the price of imports and paid a 20 per cent premium to exporters. At first raw materials and fuel were exempt from this arrangement but in October the 20 per cent system was applied to all foreign trade. "Operation 20%" was intended to redress the French balance of payments by raising the cost of imported goods and thereby limiting demand for them, while lowering the price of exports so as to expand their markets. After a brief improvement in the last quarter of 1957 the balance deteriorated again. The failure of exports to expand as much as anticipated seems due to declining economic activity elsewhere in the world at the turn of the year, to the government's hesitation to reduce sharply domestic consumption which might have forced producers to export, and to rising French prices. In January 1958 Gaillard had to appeal for outside financial aid to help France meet her international bills for the next few months. After promising to curb inflationary pressures and limit the public deficit, the French received assistance of $655 million from three sources: the United States government, the European Payments Union, and the International Monetary Fund.

At home Gaillard raised taxes but his principal method to fill the budgetary deficit in 1957 was the inflationary technique of borrowing from the Bank of France. He also cut expenditures by dismantling the costly price-index manipulation of the Mollet régime. The latter move permitted prices to rise in July 1957 and this in turn required a boost in the minimum wage in August. Price inflation was under way. As free prices rose, the government also adjusted upward those prices which it still controlled. Wholesale and retail price indexes both advanced about 12 per cent from July 1957 to January 1958.

Meanwhile the government had been tightening up bank credit as a deflationary move, but only gradually, for it feared to stifle the unprecedented industrial expansion of these years. The credit restriction policy began in April 1957 and during the course of the year the rediscount rate at the Bank of France rose from 3 per cent to 5 per cent. The central bank also lowered its rediscount ceilings for banks a total of 200 billion francs, but the effect was small because during the same period

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the Treasury poured into the economy 452 billion francs which were advanced to it by the Bank of France. This helped to raise the total money supply almost 7 per cent during the last half of 1957.

Although permitting price increases for manufactured goods, the government did not allow them to get out of hand. Actually, shortages of meat, wine and vegetables meant that food prices led the way in the 1957-1958 inflation. The wholesale price index of farm products spurted 22 per cent upward in the six months after July 1957, 10 per cent more than the general wholesale level. While the 20 per cent devaluation raised the cost of imports, declining prices for raw materials on world markets and plummeting maritime freight rates opposed this trend so that the price index of imported goods climbed only 11 per cent from July 1957 to January 1958.

Statistics now available indicate that the inflation of wholesale prices stopped early in 1958 and retail prices leveled off in the second quarter of the year. By June 1, then, inflation had just about run its course. On that date General Charles de Gaulle, premier once again after an extraordinary turn of events, formed his cabinet and made Antoine Pinay Finance Minister with the dual mission of ending inflation and meeting a severe balance-of-payments crisis.

Inflation stopped in the first half of 1958 as the credit restriction of 1957 began to press more heavily on business men whose bullishness was moderated by recession and threats of recession elsewhere in the world, as consumer purchasing power dwindled—prices having risen faster than wages after April 1957—as the forthcoming crops promised to be large, and as labor productivity in manufacturing continued to expand.[3]

All this was not clearly visible to M. Dupont, who saw retail prices continue to mount slowly until June 1958 and whose wife in May found more excitement in a severe potato shortage than in the death throes of the Fourth Republic. M. Dupont saw Antoine Pinay, the presumed conqueror of the Korean inflation, return to the financial helm and he watched the Finance Minister repeat his 1952 policy: efforts to persuade business, labor and farmers to postpone their demands for

[3] *Le Monde,* March 16, 1958. *International Financial Statistics,* various issues.

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greater incomes, and issuance of a gilt-edged loan. The latter was almost identical in its terms with that of 1952—capital indexed on the gold *napoléon,* tax advantages, and 3.5 per cent interest. The loan, issued in June and July and strongly supported by General de Gaulle, was a great success, not so much for the 293 billion francs in new money that it brought to the Treasury, as in the 150 tons of gold ($170 million) which the Bank of France bought from hoarders in return for the new bonds. To encourage repatriation of capital which had illegally sought safety abroad in the previous months, Pinay ended the penalty tax on it and in June and July large sums returned. This movement, together with the gold purchases of the Bank of France, brought an estimated $242 million surplus in the balance of payments for June and July. These reserves and the foreign credits received in January 1958 enabled France to meet her international financial obligations for the rest of the year.[4]

As summer 1958 arrived, inflation subsided and the balance-of-payments problem eased for a while. In the eyes of many Frenchmen Pinay had done it once more. But, as suggested above, he again had the good fortune to enter the picture when the price movement leveled off, because of earlier policies and nongovernmental factors. Pinay's financial reputation, nevertheless, remains at the pinnacle.

The gold-guaranteed loan was instrumental in ending the 1958 payments crisis but public approval of it did not come primarily from the magic of Pinay's name. General de Gaulle identified himself with the loan and strongly urged subscriptions. Probably the chief factor in the success of the loan was the widespread feeling of relief and satisfaction among savers who saw the threatening cape of civil war successfully rounded as De Gaulle again assumed command of France and then listened to this great Frenchman offer them political stability and grandeur under his leadership.

Good luck in timing thus stands out as the key to M. Pinay's financial reputation. He is not the first politician to become a statesman by being in the right place at the right time.

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[4] *Le Monde,* July 27, 1958. *Le Monde Hebdomadaire,* July 31-August 6, 1958.

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REVIEWS

The Memoirs of Field-Marshal the Viscount Montgomery of Alamein, K. G. Cleveland and New York, The World Publishing Company, 1958.—508 pp. $6.00.

One of the more cryptic analyses of civil-military relations appeared in 1954 in the London *Times Literary Supplement.* It was specifically occasioned by some conjecture of the future effect on British opinion of the memoirs of Montgomery of Alamein. "The high esteem in which the most senior British generals are held today, rightly or wrongly, by the public at home", remarked this assured reviewer, "is largely attributable to the fact that almost without exception they have refrained from writing their memoirs." Now, some four years later it is still amusing to wonder what the British will think of that incredible ego, the distinguished Field-Marshal, who begins his autobiography with the first person singular and ends with a eulogy of the British soldier which the reader cannot help but believe to be a summary self-portrait.

Yet for all this the Viscount's are the best of the military memoirs to come out of World War II. They are refreshingly honest. They have pace and perspective in a way in which Montgomery's other two more technical books on the war do not. It does not exaggerate the truth to call this a compelling book. And, as is generally true of autobiography, the best of it is that part of which the author is blissfully unaware.

Montgomery is rightly and duly appreciative of his own remarkable qualities of leadership. His chapters on his reorganization of the British 8th Army are as impressive as anything in military literature. Here is one of the few professionals who ever really understood the leadership needs of civilian armies, describing with the utmost candor his own re-creation of himself as a symbol, a sort of military godhead. But, and this is equally fascinating, Montgomery never seems to have understood that the very qualities of greatness which he needed to lead the Desert Rats were those which, in a sense, disqualified him from doing anything more. The Field-Marshal frequently remarks that General So-and-So was given responsibilities beyond his capacities. Heresy though it may be to say so, nevertheless, on the basis of Montgomery's own descriptions of himself, one cannot help but suggest that this may have been

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true of himself. For the truth would seem to be that those qualities which made the Field-Marshal the greatest of first men in the desert may have made him a poor second man in Europe and an irresponsible team-man in Whitehall. While one might agree with Montgomery that General Eisenhower did not know precisely what he was doing in Europe, one cannot help but have sympathy with anyone who had to deal with the hero of North Africa on something approaching an equal footing. And, while one may very well agree that the Rt. Hon. A. V. Alexander was something less than distinguished as a Minister of Defence, one cannot help feeling that having his Army Chief of Staff trying to organize mass protests by the Service Chiefs behind his back is probably more than any civilian minister deserves. (In this connection, chapter 30, which describes battles of Whitehall, should be read by every student of government.) Indeed, not since the halcyon days of Field-Marshal Sir Henry Maitland Wilson, who used to tip off the opposition party when anything came up of which he disapproved, have British civilians had quite such a military problem on their hands as his Lordship.

This dislike of politicians, except for those like Sir Winston and Earl Attlee with whom he had relatively little to do, seems to stem from Montgomery's monstrous misunderstanding of the rôle of the politician. And here the tip-off lies in his judgment of Eisenhower the General vis-à-vis Eisenhower the President. Montgomery believes the General to have been inadequate as a soldier because his job-concept was essentially that of a cheerleader, a coördinator rather than a true leader. But for this very reason the Field-Marshall thinks that Eisenhower is a magnificent president—the magnetic personality the world needs most. Apparently politicians are only troublesome when they make policy which directly counters his judgment.

EDWARD L. KATZENBACH, JR.

BRANDEIS UNIVERSITY

International Propaganda: Its Legal and Diplomatic Control. By L. JOHN MARTIN. Minneapolis, University of Minnesota Press, 1958.—vii, 284 pp. $5.75.

Radio Free Europe. By ROBERT T. HOLT. Minneapolis, University of Minnesota Press, 1958.—xiv, 249 pp. $5.00.

In a world arena preoccupied with "indirect aggression", propaganda technique takes on inflationary value. Nations live beyond their ideological means by minting new words,

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surly or wily, to supply each fresh demand. Nations live beyond their political means by disseminating these mintings—which are often promissory notes on Shangri-La—as if they were true coin of the realm. Propaganda stares down power with brazen effrontery, as if it never heard that persuasion is most effective when hinged to a known capacity for coercion.

Thus Mossadegh in Iran, the first post-war advocate of propaganda *as against* economics, managed to undermine the basic industrial and political connection of Iran by speaking rudely in public places. Colonel Nasser, the current protagonist of the primacy of radio propaganda over political economy, managed to undermine the internal governance and external politics of Jordan largely by raising The Voice of the Arabs—this during the years (1954-56) when he had neither bullets nor bank rolls adequate to the sale of his broadcasts, no bite really to his bark.

Yet when Mr. Dulles spoke of "indirect aggression", with his ear on Nasser's Voice of the Arabs, the morrow found him embarrassed by rejoinders to The Voice of America—and Radio Free Europe. When is rude talk in public to be construed as aggression? When does it really matter, in international politics, who says what to whom?

To such questions Mr. Martin directs his inquiry. After introductory chapters on the history, definition and agencies of propaganda—with a concise summary of "the teachings of the publicists"—he turns to his central topic of propaganda control. He devotes successive chapters to control by international agreement, by municipal law, by diplomacy. A separate chapter deals briefly with extraterritorial control of propaganda, the state's capacity for punishment of "propaganda crimes committed abroad by its own citizens". Here the practice of nations is variously guided by the "objective territorial principle", as applied in Britain and the United States, or the "passive personality principle" asserted in Turkey and Mexico.

The broadest scope for *legal* control is intranational. Martin writes (p. 113):

> Municipal laws can control the originator, the relayer, or the recipient of proganda. They may be aimed at propaganda originating within the state or abroad. They may apply to citizens or aliens. They may inhibit propaganda directed at the state's internal structure, institutions, or officials, its security laws, or citizens; or else they may forbid propaganda aimed at other states, their institutions, laws, officials, citizens, or security. Finally, municipal laws may attempt to control propaganda designed to precipitate international conflict.

The key problem which international propaganda poses for municipal law is, of course, its enforcement. How can the flow

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of symbols from abroad be effectively regulated by legal means? The problem is not acute when propaganda is transmitted through print and film, media which can be controlled through a variety of overt measures. The imposition of high duties can virtually eliminate commercial products from abroad. When Britain imposed a 75 per cent import tax on foreign movies, a Hollywood spokesman said this raised "the whole question of free communications among free peoples". Foreign exchange regulations and licensing laws are other standard measures for controlling imports of print and film. The *New York Times* listed 56 different types of barriers operating specifically against foreign movies (pp. 157-58). While no barriers are perfectly airtight—for example, airdrops of leaflets—they do assure a large measure of control over print and film.

Control is greatly complicated when international propaganda is transmitted through radio. Here the nations have sought control by international agreement rather than municipal law. But such agreements tend to last only as long as suits the national interests of the diverse parties. Take the question of interference—"jamming"—which has been ruled out by every radio convention since the Berlin Conference of 1906. It was specifically prohibited by the Atlantic City Conference of 1947 (see Article 44 of International Telecommunication Convention). Yet, despite three successive United Nations condemnations of Soviet jamming in 1950—by the Sub-Commission on Freedom of Information in May, Economic and Social Council in August, General Assembly in December—the U.S.S.R. continued its effective interference with broadcasts from the West. Its Polish spokesman maintained "the sovereign right to defend itself against this form of aggression, just as it has the right to prevent opium smuggling, the sale of pornographic literature or the traffic in persons" (p. 86).

Prominent among the agencies of international propaganda against which the Communist spokesman defended Soviet jamming was Radio Free Europe (R.F.E.), the subject of Dr. Holt's study. Indeed, the book includes a clear exposition of Soviet jamming operations and R.F.E.'s procedures for "Breaking through the Jammers", which apparently have been successful at some periods. In September 1955, for example, "the monitor in Berlin reported that a Polish listener could hear R.F.E. on one or more of the eight available frequencies, at a signal strength and with intelligibility of from 'good' (the highest) to 'fair' (92 per cent of the time). The average for all stations

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over the few months preceding this period was between 85 and 100 per cent."

Dr. Holt's book has the merit of supplying a detailed case study of an operating agency in international propaganda—a large gap in the data on this field. While disclaiming completeness, his first four chapters do cover the origins, basic purposes, organization, and policy formulation of R.F.E. Two chapters then cover the internal programing arrangements of R.F.E., which is characterized as "a network of five semiautonomous stations, each operating in a different language" (Polish, Czech, Hungarian, Rumanian, Bulgarian). But the official language of the network itself is English, the language of its operating base (Munich) is German, and two of its principal broadcasting topics are Russia and Yugoslavia. Hence "daily operations involve eight different tongues" (p. 97).

Dr. Holt then undertakes to assess the "effectiveness" of R.F.E.—the most difficult task associated with international propaganda operations, where the audience is not available for direct research and the evaluator must rely on samples of indeterminate bias, reporting opinions of uncertain reliability, on indicators of unverified validity. Fortunately, Dr. Holt is aware of these limitations in the R.F.E. self-assessment data which he is obliged to use. He states: "The acid test of any propaganda operation is whether or not it can influence or precipitate action" (p. 133). Aside from the daily pouch of letters from listeners and occasional reports about unscrupulous Communist officials behind the Iron Curtain who mended their ways after being denounced by R.F.E., the "acid test" of its effectiveness came with the uprisings in Poland and Hungary.

Dr. Holt examines these events—and the prior sequence from the Berlin to the Poznan riots—in some detail. Public attitudes toward the rôle of R.F.E. were equivocal in the West. There was a strong desire, particularly after the American failure to take significant action in Hungary, to clear R.F.E. of "irresponsible provocation" through its Liberation line. On the other hand, to deny R.F.E. any rôle in Hungary would seem to acknowledge that its operations had been rather a waste of money and effort. Dr. Holt gives us no clear net judgment, and perhaps none is now possible. But to rest the case on the question of how many Hungarians over-reacted "to R.F.E.'s broadcasts which were not in themselves inflammatory" seems an unduly evasive effort to let R.F.E. have its cake and eat it too.

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Neither of these books can be recommended as a model for future studies. Given the paucity of available material, they are welcome additions to the shelf on international propaganda and will be useful to both students and operators.

DANIEL LERNER

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

Foreign Aid Reexamined: A Critical Appraisal. Edited by JAMES W. WIGGINS and HELMUT SCHOECK. Washington, Public Affairs Press, 1958.—ix, 250 pp. $5.00.

This is a symposium which should more accurately carry the subtitle of "A Critique" rather than "A Critical Appraisal". For, as one of the Editors, Mr. Wiggins, observes, since "hardly a proposition was advanced which did not elicit a critical response from one or several of the scholars present . . . it is obviously impossible . . . to expect a monolithic conclusion." The fourteen papers presented by the contributors to this volume obviously represent the prejudices and preconceptions as well as the judgments of their respective authors. As social and behavioral scientists, they "claim no special competence in deciding whether foreign aid is good or bad by virtue of their professional training and experience." But, as one reads the various papers, one is deeply puzzled to know why a series of meetings held upon them could not have produced a closer meeting of minds on at least some aspects of the foreign aid problem and a better coördination and logical development of the material at hand.

The symposium is divided into five parts: Ideological Factors; The Politics of Economic Stagnation; Economic Factors; Inherent Limitations on Westernization; and Regional Conflicts and Economic Developments. Such a categorizing of the subject gives the reader hope that a logical development of thought with a close integration of subject matter will follow. But such is disappointingly not the case. Yet the contributors such as J. Fred Rippy, William S. Stokes, Gottfried Haberler, George P. Murdock and Warren S. Thompson, among others, are certainly high-powered thinkers and scholars in their respective fields. In many ways the most satisfying article is written by David N. Rowe, entitled "China: A Case Study of Aid That Failed". Yet even this is hardly applicable to the present-day problem of foreign aid as it concerns largely American aid programs in pre-Communist China.

Most symposiums suffer from the great weakness of a lack of sufficient coördination of material and the failure of a

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serious last-minute effort to bring the heterogeneous views into focus for the purpose of providing some positive conclusions from the chaos of conflicting lines of thought. But for anyone seeking brief and at times penetrating observations on the weak points of our foreign aid program and many of the difficult aspects of foreign aid which have not been adequately taken into account, this volume can prove to be of considerable use and challenge. As Professor Rippy makes clear in his article, "Historical Perspective", the motivations of the foreign aid program are "a compound of benevolence, politics and commercial self-interest—motives which pull in a dozen different directions to lead to conflicting results."

Pursuing this line of thought, Elgin Groseclose in his paper, "Diplomacy of Altruism?", emphasizes that "The Foreign aid program represents . . . the first mass effort to condition whole societies, the policies of governments, and the affections and loyalties of peoples, by the administration of 'environmental conditioning', through the mechanism of grants, loans and other forms of material assistance." This is indeed a big order, one the implications of which the American mind has not yet commenced to grasp.

> Much of the public confusion over the foreign aid program, and much of the misdirection and extravagance in the administration of the program, [he continues] are traceable to the attempt to operate in contradiction to observed experience and in defiance of the lessons of history. Thus, a prime objective of the program is to allay in the recipient countries, the unrest and dissatisfactions which the Communist Party may exploit for internal revolution or which lead to foreign adventures that upset the international peace. But the program dismisses as inconsequential the causes of unrest that have kept the race in turmoil since history first was written. . . . Of the causes of internal unrest that lead to rebellions and the overthrow of governments—such things as a sense of injustice over taxation and governmental impositions, official laxness and corruption, penal courts, police brutality, uncertain pay days, inflation of money, impressments and conscriptions, expropriations and condemnations, official caprice, official impotence, and feeble leadership—the foreign aid program has nothing to say.

This is pretty cogent stuff. And anyone who has observed at close hand the foreign aid programs of the United States in the undeveloped areas of the world will realize to what a small extent consideration of these factors has been brought to play in the projecting and the administration of the various programs involved.

American aid programs under the Marshall Plan in Europe and with respect to Japan offered entirely different problems from those of the underdeveloped areas. For, in the former case, it was largely a matter of aiding in the restoration and

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further development of that which had previously existed, whereas in the latter there is involved nothing less than the development, almost from scratch, of an entirely new society. The first was largely evolutionary, whereas the latter is revolutionary in the profoundest sense with all of the implications involved. As Professor George P. Murdock defines the problem in his article, "The express aim of our foreign aid program is directed cultural change. No one knows better than the experienced applied anthropologist how resistant cultures are to change, and how disappointingly limited and partial have been the successes in even the most intelligently planned and executed programs for conscious adaptive improvement." Professor Murdock grants, however, that directed cultural change is, though difficult, by no means impossible.

> But it requires a very high degree of professional competence in the fields of anthropology, economics, psychology, and sociology, a deep insight into the nature of the culture undergoing change, and administrative planning of its exceptionally high quality. Since these requisites are rarely fulfilled in the execution of our foreign aid programs, the few examples of striking success, however publicized, can scarcely conceal the dismal general record of partial and complete failures.

Certainly a thorough reëxamination of our foreign aid program in the undeveloped areas of the world is long overdue. While this present volume does raise many of the pertinent questions, it does not provide the answers. A much more profound and better-coördinated symposium than this one is necessary for the achievement of a valid and much-needed "critical appraisal".

BROOKS ENEMY

PRINCETON, N. J.

The Passing of Traditional Society: Modernizing the Middle East. By DANIEL LERNER with the collaboration of LUCILLE W. PEVSNER. Glencoe, Illinois, The Free Press, 1958.—xiii, 466 pp. $7.50.

This book reflects faithfully the state of mind of the Middle Eastern peoples in their process of transformation from a traditional to a modern society. All the agonies which the Chinese believe plague a people in transition accompany the Middle Easterners at this stage of their development. Professor Lerner is amply qualified to analyze the attitude of these peoples.

In the preparation of this book the modern techniques of sociological research were used. The questionnaire consisting of 117 items was addressed to representative individuals from

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among the traditional, the transitional and the modern classes. The field studies were conducted in 1950 by the Columbia University Bureau of Applied Social Research, in Turkey, Lebanon, Jordan, Egypt, Syria, Iran and Greece. Of the 2,000 interviews received, 1,600 were used by Professor Lerner (Greece was omitted) as a basis for his analysis. Though the material is varied and immense, Professor Lerner handled it with mastery. The Middle Eastern traditionals appear, like the Europeans of the Middle Ages, immobile, stranger to empathy, and suspicious of the new. "I wouldn't move a foot from here!" and "What! To die outside Turkey, Egypt or Jordan", say the traditionals in these countries, "is unthinkable." Would they accept responsibility for running the government? If so, how would they do it? Here the traditionals stop with awe. "My God . . . president of Turkey . . . Master of the whole world?" gasped a Turkish peasant. "Even the greatest philosopher can't answer this," responded a Syrian hairdresser. On the other hand, the modern is confident and eager to have power. In Egypt and Syria (now the U.A.R.) the young intellectuals espouse authoritarian ideas. "The only way I can do something [i.e., reform the state] is to become a dictator" is their typical attitude.

Professor Lerner ranks the Middle Eastern countries in order of modernism as follows: Turkey and Lebanon at the top, Egypt and Syria in the middle, Jordan and Iran at the bottom. Turkey and Lebanon are past the take-off stage and are therefore more steady and democratic in their modernizing processes. Egypt and Syria are attempting a historic short cut; they want to speed the process of transformation through strong government interference. While Professor Lerner's assumption that the Syrian-Egyptian method tends toward "bolshevization" (p. 85) is in a sense true, the use of this term without great reservation and explanation can be both dangerous and misleading. By modernization the author means the secular trend from traditional to participant lifeways. This is usually attained through urbanization, literacy and media participation. In the Middle East the radio and the movies are playing a tremendous rôle in the modernization of society. It is Professor Lerner's conclusion that there is a "secular trend"—a yearning toward modernization along Western lines—that is global in scope.

The flaws of *The Passing of Traditional Society* are essentially the flaws of the sociological method. Matrixed within the factual data, the author is not free enough to speculate on

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such subterranean currents in the Middle East as Islam, nationalism, and communism. These are determining factors in the shaping of the modern mind of these peoples, yet their impact is left vague and sketchy in an otherwise exhaustive treatment. There is also the danger of generalizing on the basis of meager particulars. "One" Jordanian said: "Look at the Palestinians. They listened to the radio and God destroyed them." On the basis of this "one" the author made the following pronouncement (p. 96): "Transjordanians even attribute the ills that befell the Palestinian refugees to God's wrath over their consorting with these new-fangled media."

On the whole this is a very serious and useful book. Thoughtful readers can use the facts therein as starting points for further exploration of the soul and mind of the turbulent peoples of the Middle East.

ELIE A. SALEM

THE JOHNS HOPKINS UNIVERSITY

Malaya: A Political and Economic Appraisal. By LENNOX A. MILLS. Minneapolis, University of Minnesota Press, 1958.—xi, 234 pp. $4.75.

Malaya. By NORTON GINSBURG and CHESTER F. ROBERTS, JR. Seattle, University of Washington Press, 1958. Published under the auspices of the American Ethnological Society.—xiv, 533 pp. $6.00.

These two volumes represent attempts at an appraisal of Malaya upon the achievement of independence by the Federation in August 1957. This historic event marked the practical end of colonialism in Southeast Asia. Except for Singapore, which has itself attained internal self-government, the only remaining dependent territories in the area are British Borneo and Portuguese Timor. The Malayan experiment takes on added significance, moreover, because of the Federation's racially heterogeneous population and the extreme dependence of its economy on the international market. More than most other newly emergent nations in Asia, the Federation is confronted with delicate and immensely complex problems of political, economic and social adjustment whose ultimate resolution is by no means assured. The studies here reviewed offer useful guides to an understanding of Malaya's uncertain future.

Professor Mills, one of the leading American students of Southeast Asia (his previous works include *British Malaya, 1824-1867, Ceylon under British Rule, 1795-1932, British Rule in*

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Eastern Asia, and *The New World of Southeast Asia*), has written what are essentially two distinct essays. The first two thirds of his book deals with the political evolution of Malaya from colonial status to independence for the Federation and self-government for Singapore. The opening chapters on pre-war Malaya, the immediate post-war period, and the Communist rebellion suffer somewhat from an overly sketchy treatment of a broad sweep of events, but otherwise constitute in the main a reliable if not especially original exposition. Chapters Four and Five, which examine in detail the development of the independence movement, are much more valuable. Here Mills unravels with remarkable clarity the intricate relations among Malaya's racial communities and the newly formed political parties, and between the nationalist leadership and the British government, which culminated in the grant of *merdeka.* There are also excellent chapters on Singapore's divergent evolution toward separate statehood, despite its intimate ties with the peninsula, and on the Federation's status and rôle in the British Commonwealth.

The two final chapters comprise a minute investigation into the Malayan natural rubber industry and its relation to government finances. Relatively less attention is given in them to tin or to other phases of the economy. On the whole, Mills is pessimistic as to the future of rubber in the Federation, partly because of world market trends and the physical deterioration of the industry, but also because of a tax policy that often overburdens rubber in order to provide social services and other benefits increasingly demanded by the electorate. Most writers on Malaya have emphasized the still unresolved racial situation as the most probable cause of future instability in the Federation. Mills thus performs a real service in underlining the peculiar instability of Malaya's economy, which is based so largely on rubber (and tin), as an almost equally important source of future trouble. But this emphasis is perhaps the most noteworthy interpretive feature in a work that is otherwise characterized by straightforward factual presentation. One might have hoped for much greater boldness in conception and judgment from a scholar so learned and experienced in Malaya as Professor Mills.

The Ginsburg and Roberts book is a very different kind of study. It is the extensively revised and edited version of a collection of essays originally prepared by an interdisciplinary research team of social scientists at the University of Chicago under contract to the Human Relations Area Files, New Haven.

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As such it bears a strong resemblance to the monographs already published in the HRAF Country Survey Series, although it does not carry the HRAF imprint; and it has the flavor of an encyclopedic gazeteer even though its authors properly point out that the volume is not sufficiently comprehensive to be classified as such. Ginsburg is a geographer and Roberts a specialist on international relations. Typical chapters of the work deal with Malaya's physical environment, her history, patterns of population and settlement, systems of transportation and telecommunications, and with the problems of communication in a plural society. There are also excellent ethnographic analyses of the three principal racial communities (Malay, Chinese and Indian), and two good essays on the economy and on political organization and development.

It should at once be apparent that the Ginsburg and Roberts book is by far the more comprehensive volume. Great masses of data have been gathered between its covers and reduced to readable dimensions. While most of this material is already available elsewhere, it can nowhere be found in so convenient a form; and in some chapters, for example on "The Chinese in Malaya", the authors have broken new ground. As is perhaps inevitable in such a compilation, the text is less coherent and less sharply focused than the Mills study, and the authors have even more sedulously avoided the expression of personal judgments.

In short, the two books reviewed here are reliable, scholarly additions to the still scanty literature on post-war Malaya. But we shall have to wait for more imaginative, interpretive analyses that give form and structure to the panorama of Malayan development.

WILLIAM HENDERSON

NEW YORK, N. Y.

Egypt in Transition. By JEAN and SIMONNE LACOUTURE. Translated by Francis Scarfe. New York, Criterion Books, 1958.—532 pp. $7.50.

This is a translation, with some additions and revisions, of a French work, *L'Egypte en mouvement,* published in Paris in late 1956 by Editions du Seuil. After a rapid survey of Egyptian history, the authors concentrate in the bulk of the book on the political developments following the military coup d'état of July 1952 and on the socio-economic conditions in the country. There is so little written in book form on the new Egyptian state following the ouster of the monarchy that this work

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is most welcome. It is replete with interesting information on the incidents and personalities which have been shaping the current destinies of Egypt. The book contains a careful description of the events on Black Saturday (January 26, 1952), of the numerous steps leading to the assumption to power by the military junta and of the showdown between Naguib and Nasser.

Among the obvious merits of this study is the fact that the Lacoutures seem to have had direct access to the leading personalities in Egypt during their three years (1953-1956) of residence there. References are made to numerous interviews not only with Nasser himself but also with a number of political and military leaders, intellectuals, students, civil servants, foreign diplomats, journalists and peasants. The inquisitive authors have extended their visits and observations beyond the usual urban cosmopolitan centers to include the *fellahin* of Upper Egypt and the Delta region. Life in a village and the rôles played by the various members of a typical rural family are described in vivid colors. Yet, despite some of the incisive speculations of the Lacoutures on the meaning and trends of the Egyptian Revolution, this is not an "analytical" piece of research. Couched in a pleasant journalistic style—very well translated into English—it stands midway between a novel and a scholarly work. There should normally be no objection to that semipopular approach except that the authors tackle such complex questions as the conflict of traditional legal, political and religious Islam with the exigencies of the modern world or the meaning of Egyptian and Arab nationalism and culture —subjects which do not readily lend themselves to glossy treatment, even in a chapter or two.

But the major criticism which should be made of this book is the fact that it examines events in Egypt vertically without an adequate horizontal treatment of the interlocking developments in the larger international picture and within the Middle East itself. Some of the unduly pro-French sentiments expressed by the authors are also quite debatable: "The Egyptian capital glitters in the eyes of the Maghrib people merely on account of the Algerian tragedy. . . . Neither language nor religion nor the Mediterranean should prevent the people of the Maghrib from being quite prepared to look northwards, and, freely moving into the modern world, regarding Paris as closer than Cairo."

Nasser is depicted by the authors as a shrewd political opportunist furiously eager to promote Egypt to a position of leader-

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ship in the world, especially in Asia and Africa. He is believed to have overplayed his hand in the last two or three years of his régime. As to his vulnerability to Russian influence: "the main reason for Colonel Nasser's weakness is that he was saved thanks to Russian interference. He is beholden to Moscow." On the all-important political rôle of Islam within the Egyptian state, Nasser is said to be officially "anxious to avoid contradicting the Koran" but is assessed as being "out to 'neutralize' Islam in internal politics, while 'utilizing' it in foreign politics." The authors are more obsessed, however, and perhaps correctly so, by the overpopulation problem and the insuperable obstacles confronting Egypt in feeding her multiplying millions and in maintaining the already meager standard of living of the masses. This is the central challenge which the Lacoutures feel Nasser has been unable to cope with and one which overshadows all other national or international problems of the modern Egyptian state.

MAURICE HARARI

COLUMBIA UNIVERSITY

We the People: The Economic Origins of the Constitution. By FORREST MCDONALD. Chicago, The University of Chicago Press, 1958.—x, 436 pp. $7.00.

After nearly half a century, Charles A. Beard's brilliant and provocative thesis that the Constitution was a deliberately contrived economic instrument of special class interest still continues to draw the fire of dissident historians. The principal lines of attack upon Beard's thesis have been well established for many years. Long ago, Andrew C. McLaughlin argued that class and property distinctions in early America were not nearly so sharply drawn as Beard had represented them to be. Two years ago Professor Robert E. Brown published a study attacking Beard's sharp distinction between owners of "personalty" (that is, property in stocks, bonds, loan certificates and speculative lands) and owners of "realty" (agricultural lands). He also contended that the ratification struggle had been conducted along far more democratic lines than Beard had assumed to be the case.

The present work by Dr. McDonald constitutes the latest assault by Beard's enemies. While in many respects his argument is similar to that developed by McLaughlin and Brown, the study nonetheless has great value, in part because of its unprecedented penetration of the evidence, in part because of the effective use of a statistical methodology. This technique

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develops into a devastating refutation of Beard's principal conclusions, with respect to both the Philadelphia convention and the state struggles over ratification.

The author first devotes himself to a destruction of Beard's contention that the members of the Philadelphia convention constituted a "consolidated economic group" representing "personalty" as opposed to "realty". At least twenty of the delegates, he points out, derived all or nearly all of their living from the soil, including sixteen who conducted large-scale agricultural operations as planters or farmers, and at least thirty-one had some interest in farming. Thirty-four of the delegates were lawyers, but at least thirteen of these made their money principally from realty interests, while another eight depended mainly on their mercantile connections. Thirty delegates held state or national securities, a figure Beard had thought impressive. But the five principal delegates who walked out on the proceedings or refused to sign the finished Constitution (Gerry, Randolph, Mercer, Lansing and Luther Martin) held more securities than all other convention members put together!

Nor was there, contrary to Beard, any significant correlation between economic interest and voting on the major questions at issue. The author resorts to an interesting device here. He catalogues the members of the convention as clearly as possible as representing either personalty or realty interests. He then makes the arbitrary assumption that the eight Pennsylvania delegates represented largely personalty interests. (They did, if anyone did.) Next, he correlates the known votes of all delegates on all important questions with those of the Pennsylvania delegates. The conclusion: there was no more tendency for members representing personalty to vote with the Pennsylvania delegation than for those representing realty.

The author then stages a powerful attack on Beard's contention that the "line of cleavage" in the struggle for ratification was "between substantial personalty interests on the one hand and small farmers" on the other. Delaware, New Jersey and Georgia ratified the Constitution unanimously; yet farmers constituted 77 per cent of the delegates to the Delaware convention; the corresponding figure for New Jersey was 64 per cent and for Georgia 50 per cent. Beard met this difficulty by asserting that the Constitution had been rushed through to ratification in these states before the Antifederalists could catch their breath. But in Virginia, a closely contested state, nearly all the delegates on both sides were planters and farmers,

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while the property holdings of the two sides, in land, securities and slaves, show no difference whatsoever in size or character. In Massachusetts, where personalty groups dominated, 57 per cent of the delegates of this class opposed ratification while 67 per cent of the realty, artisans, and small farmers favored ratification. In Pennsylvania, 91 per cent of the small party opposing ratification held substantial investments in personalty. And so on.

In only two states, Massachusetts and Connecticut, did the supporters of the Constitution include a significantly larger number of security holders than did the ranks of the Antifederalists. But in Rhode Island, Virginia and Maryland, security holders were to be found in approximately equal numbers in both parties, while in Pennsylvania, South Carolina and New York a "considerably larger percentage" of the delegates opposing the Constitution held securities than those supporting it. In short, the author concludes with much justification that "Beard's thesis is entirely incompatible with the facts," and that a simplified economic interpretation of the Constitution "does not work."

ALFRED H. KELLY

WAYNE STATE UNIVERSITY

The Era of Theodore Roosevelt, 1900-1912. By GEORGE E. MOWRY. The New American Nation Series, New York, Harper and Brothers, 1958.—xvi, 330 pp. $5.00.

Despite the profusion of studies of both Theodore Roosevelt and the Progressive era, until now there has been no relatively brief, readable and up-to-date synthesis and interpretation of the years between 1900 and 1912. Professor Mowry has successfully filled the gap with one of the most notable volumes yet to appear in the New American Nation series. He has sketched an incisive double portrait of the era and its spectacular political leader.

Of the two, the fresh over-all analysis of Roosevelt himself was the more needed. Elting Morison and John M. Blum in their editing of the Roosevelt letters and essays, and Mowry himself in his *Roosevelt and the Progressive Movement,* centering on the 1912 campaign, had rendered obsolete much of what had previously been written. Howard K. Beale's multivolumed biography has yet to appear. Mowry, accepting and embellishing upon the approach of Blum and Morison, describes in some detail Roosevelt's seizure of the Republican party machinery between 1901 and 1904 and his adroit balancing thereafter of

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conservatives against Midwestern progressives. Simultaneously, Roosevelt, beginning with his message to Congress of December 1901, was moving toward progressivism. As early as 1907-1908 he reached his ultimate Bull Moose position:

> Hitherto historians have assumed that Roosevelt's radical formulations of 1910 and 1912 were inspired by Herbert Croly's *Promise of American Life,* published in November, 1909, and by the sudden exigencies of his own political fortunes. A glance at his messages and speeches of 1907 and 1908 would seem to argue that Roosevelt may have had as much influence on Croly as Croly had on him (p. 222).

Overall, the account of Roosevelt as president is judicious as well as vigorous, shaded with rich detail on Roosevelt's attitude toward capitalists and labor leaders as well as politicos. It outlines his triumphs in foreign policy and also his shortcomings. From it all, Roosevelt emerges with marked stature, but human rather than olympian.

Roosevelt had held out visions of progressive legislation before his followers which a Congress tired of strenuous presidential leadership was disposed to ignore. President Taft was ill-equipped and ill-disposed to drive Congress to enact "my policies", although progressive pressures were gathering throughout the nation. Briefly, and with less sympathy than Henry Pringle, Mowry disposes of the Taft administration, explaining how it led to the Progressive revolt of 1912.

As for the age, Mowry presents useful surveys of the economic, social and political climate, and examines developments in cities and states. His most notable contribution, building upon his *California Progressives* and accepting some of the suggestions of Richard Hofstadter in *The Age of Reform,* is a chapter entitled "The Progressive Profile". The estimate of the progressive mind goes far to explain not only the era but also why former progressives acted as they did during the First World War and the twenties. It should give pause to those who wholly equate progressivism with liberalism:

> The progressive mentality was a compound of many curious elements. It contained a reactionary as well as a reform impulse. It was imbued with a burning ethical strain which at times approached a missionary desire to create a heaven on earth. It had in it intense feelings of moral superiority over both elements of society above and below it economically. It emphasized individual dynamism and leadership. One part of it looked backward to an intensely democratic small America; another looked forward to a highly centralized nationalistic state. And both elements contained a rather ugly strain of racism.
>
> The progressive mentality was generated in part from both a fear of the loss of group status and a confidence in man's ability to order the future. Had progressive militancy come in a more despondent intellectual and ethical climate and in a bleaker economic day, group

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fear might have won over group hope. Its more benign social ends might then have been transmuted into something more malignant. But in the warm and sunny atmosphere of 1900 the optimistic mood prevailed (pp. 104-105).

FRANK FREIDEL

HARVARD UNIVERSITY

Parties and Politics: An Institutional and Behavioral Approach. By AVERY LEISERSON. New York, Alfred A. Knopf, Inc., 1958. —xvii, 379, x pp. $5.75.

"This book", says the author, a professor of political science at Vanderbilt University, "is addressed not only to students in 'parties' courses but also to their parents and other intelligent laymen who suspect that government may be important, yet feel that everything would be much better if we could just take government out of politics and away from parties and politicians." He wants to persuade such readers that parties are the central (though not the only) institution linking citizens and groups to the formal structure of government, provide tools for objective analysis and stimulate the desire to use them, and connect the study of parties with political theory and comparative government.

This large order is carried off very well—except, perhaps, for communicating with that intelligent layman, who may find the going hard. No concessions in style are made to him; the terminology is rigorously technical, concepts and modifiers abound, and a sentence may actually run as long as two hundred words. But if the reader persists he will be rewarded by a sensitive, learned and balanced statement of the nature and rôle of political parties which is a major achievement in political analysis.

Professor Leiserson distinguishes the normative and the analytical approaches to political phenomena, and makes clear that his job is analysis. He doubts that the political scientist is any better equipped (as a political scientist) than the next man to select goals and values for a society. Doctrines, issues and policies are the tools of power seekers and holders, and their significance in a party system is that people accept them as a basis for action and affiliation, not that they are correct. The public interest "is not a 'substantive given', an absolute good already known by revelation or definition; it is *a process of discovery by means of investigation, discussion, and legislative decision by majority rule and administrative-judicial applications accepted by the minority.*" (His italics, p. 68.) Politics is "process", and that is the theoretical framework frankly chosen for interpreting the rôle of parties in the political system.

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The major number of the concrete data in the book relate to American parties, whose composition, organization and operations are fully but succinctly described. The comparative approach nevertheless is consistently and effectively employed, giving depth and perspective not possible in a culture-bound analysis. Especially impressive, it seems to me, are the emphases on the mutually interacting effects of the party system and the formal governmental structure, and the intricate web of relationships between parties and other political entities, in any political system, in maintaining the moving equilibrium necessary for political stability. Parties accept and reinforce the basic social myth that legitimizes authority, appropriating it and interpreting it in the party's ideology in a way that helps the individual party member to resolve the often-competing claims of his group affiliations and his responsibility as a citizen for the selection of public officials. Parties are shown, moreover, to be the principal intermediate group between individual citizens and the formal structure of government, and to furnish the bridge between the separate branches of government.

Parties and Politics should make a challenging text for the parties course. More than that, with his persuasive argument that there are more behavioral uniformities than cultural differences in the political parties of Western Europe and America, and his synthesis of a vast array of research and theory, Professor Leiserson has made a notable contribution to the literature of political behavior.

RALPH K. HUITT

UNIVERSITY OF WISCONSIN

The Electoral College. By LUCIUS WILMERDING, JR. New Brunswick, Rutgers University Press, 1958.—xii, 224 pp. $5.00.

This book contributes to the understanding of a complicated subject. It has a double object: "to exhibit and explain the difficulty inherent in the existing mode of electing a President and to examine the relative merits of the various proposals for its solution that are currently before the country."

The author contends that the existing system of general ticket plurality defeats the intention of the Constitution that "the President should be chosen by the people of the United States considered as one nation." Instead, the state legislatures "have put the presidency on a federative rather than a national basis . . . have taken the choice of the President from the people of the nation at large and given it, in effect, to the people of

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the large states" (pp. xi-xii). This, he claims, is wrong in principle and has produced much evil in practice. He also finds serious drawbacks in two of the three reform proposals examined—the national plebiscite system and the proportional voting system, the former on practical grounds, the latter on grounds of principle. The third proposal—to choose presidential electors in single member districts—obtains the author's support. Its adoption, he claims, would reduce the effect of fraud and accident in the present system, would make the president the man of the people, not of the states, and would substitute stability and uniformity for the faculty of change now permitted the states.

But the scope of the book is not wide enough to throw light on the whole problem. While it has an urbane style and the historical background of the Electoral College is well done, it is open to criticism on two grounds. It magnifies unduly the defects of the present system and it fails to probe deeply enough the probable consequences of the adoption of the preferred proposal. In concentrating on the Electoral College and the House of Representatives the author overlooks the value of the present system in providing in the presidency a counterweight to the underrepresentation of the urban population in the Congress, the outgrowth of gerrymandered congressional districts fashioned by conservative and rural-dominated state legislatures. Moreover, he is probably too optimistic in thinking that these same legislative bodies would act more equitably under a system of single member districts than at present. While he points out that the proportional voting system might result in the extension of this method to electing members of the House, he fails to see that the system of single member districts might also produce unfortunate results. Although no one can be sure, it is not unlikely that an unintended result would be a realignment of the parties. It is more certain that the power of the South in party politics would be increased, the voice of the large cities and populous states in presidential elections would be lessened, more restrictions on voting in the safe states would be facilitated, and the way would be opened to the possibility of unpledged electors. It would appear to be unwise to adopt a system which might weaken the position of future presidents by making their choice depend on the House of Representatives. Woodrow Wilson noted in the introduction to the fifteenth edition of *Congressional Government* (1900) that "The new leadership of the executive . . . may bring about as a consequence an integration which will

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substitute statesmanship for government by mass meeting." The quality of strong leadership has been characteristic of presidents spanning, in the aggregate, thirty-six of the fifty-eight years since Wilson wrote. The times require more, rather than less, of this quality in our Chief Executives; hence, despite its shortcomings, the present system would seem to be preferable to any of the proposals for change which have any chance of being adopted.

DONALD C. BLAISDELL

THE CITY COLLEGE OF NEW YORK

Democracy and Catholicism in America. By CURRIN V. SHIELDS. New York, London, Toronto, McGraw-Hill Book Co., Inc., 1958.—ix, 310 pp. $5.00.

The author of this readable little volume ingeniously interprets events and doctrines so as to construct concepts of "Democracy" (always written with a capital D, but not referring to the political party of Franklin D. Roosevelt) and "Catholicism" which he finds compatible with each other (p. 27), though both conflict with a third concept called "Liberalism" (p. 272).

Democracy is defined as a pragmatic process of group decision-making. "Democracy is nothing more or less than a method by which persons who want to achieve political purposes can conduct themselves in order to achieve these purposes most effectively" (p. 270). It is "a process of making decisions about the exercise of authority according to the principles of popular sovereignty, political equality, and majority rule" (p. 34). Each of these "three central tenets of Democratic theory" (p. 131) the author succeeds to his own satisfaction in reconciling with "Catholicism", which he defines as the consensus of beliefs generally accepted by prominent Roman Catholic spokesmen and approved in Papal pronouncements (p. 73). It includes Thomist philosophy, natural law, and social justice as the basis of a Christian social order (pp. 77, 79, 90).

Liberalism is the author's bête noire, and is understood, somewhat in a manner smacking of Beard, Marx and Dewey, as an obsolete philosophy favoring rule by a self-chosen middle-class elite of superior wealth and talent (pp. 151-53, 173), of which the Federalist party in America was typical (pp. 185-97). But, says the author, a prosperous and talented middle class is now extinct in this country (p. 151). Constitutionalism and judicial review are fruits of elitistic Liberalism (pp. 145, 225).[1] The

[1] It passes beyond the realm of interpretation of events and becomes historical inaccuracy for the author to say that "the question of writing

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undemocratic nature of the federal government is a consequence of Liberalism (pp. 38, 51, 60, 62, 219). Liberalism is rejected by the Catholic because it conflicts with Christian teachings, and by the Democrat because it is unrealistic and unworkable (p. 159).

Democracy and Catholicism, as defined by the author, are compatible because they do not attach importance to the same things. A Democrat, in the author's sense, is not concerned with anything but the mechanics of decision-making. God is the source of political authority for the Catholic, the people for the Liberal. "But for the Democrat the question makes no sense . . . because in Democratic terms authority has no source —only location" (pp. 134-35). Democracy is purely secular (p. 27). It advances no theory about church polity, but deals only with civil government (p. 17) and regards religion as a private matter "of no concern to the Democrat" (pp. 25-26). Conversely, the Roman Catholic Church, whose own monarchical structure "no one supposes to be Democratic in character" (p. 177), does not favor any particular form of civil (as distinguished from ecclesiastical) government. It does not prescribe *who* should exercise political authority; though it does prescribe *how* such authority should be exercised, that is, justly and in conformity with natural law (pp. 138, 213). There is no official orthodox political doctrine or program (p. 70).

The author concedes that the Democratic process, as defined by him, breaks down whenever there is at stake a matter about which a minority would prefer to fight rather than compromise (p. 241). But in practice Democracy is more likely to reach decisions consonant with Catholicism than any other method. "For with any elitist form of rule, no security against the abuse of authority is incorporated into the decision-making process." Although admittedly "there is a logical possibility that the general welfare as determined by a vote of a majority may not jibe with the common good as the Catholic understands it," in terms of divine moral law, yet it is significant that in fact "the Vatican has had no occasion to denounce the action of American governments, where elitist principles are strongly tempered by Democratic practice," whereas frequent protest has been made against

a provision for judicial review into the draft constitution was considered several times, by the Convention" of 1787 and that on three different days "proposals to adopt the principle were voted down" (pp. 225-26). What the Convention did reject was a different proposition, to associate a convenient number of the judiciary with the Executive in a Council of Revision, as then provided in the New York constitution, to exercise the veto power. Max Farrand, ed., *Records of the Federal Convention*, I, 104, 131, 138-40; II, 71, 73-80, 294-95, 298-301.

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"the actions of totalitarian elites, whether Fascist or Nazi or Communist" (p. 248).

The author's pragmatic view which regards a political decision as wise if it works out in practice (p. 204) leads him to conclude that no useful purpose is served by Thomas Jefferson's belief that there are political principles of right and wrong. Jeffersonian natural law and objective moral standards, like those of the Roman Catholic Church, are regarded by the author as superfluous and inconvenient. "If there is an objective standard of political right to which members of a community can properly appeal, it is possible for there to be some discrepancy between a majority's decision and these moral principles" (p. 235). The Democratic process, Shields says, is not concerned with normative values, but should be accepted simply because it is in practice the most effective method of making collective decisions about collective actions (pp. 246, 257-59, 267, 269). In practice, he believes, "conflict with Catholic principles" is less likely to occur "where authority is Democratically exercised" than under any other form of civil government (p. 247).

The foregoing analysis indicates that the author engages in the clever manipulation of personified abstractions rather than the concrete portrayal of historical phenomena. A reader is left with the impression that the latter method of handling the subject would have resulted in a more satisfactory and useful study of religious doctrines and political theories than the conceptualistic treatment which this interestingly written volume displays.

EDWARD DUMBAULD

UNIONTOWN, PA.

The Supreme Court in Modern Role. By CARL BRENT SWISHER. New York, New York University Press, 1958.—vii, 214 pp. $4.95.

The Supreme Court from Taft to Warren. ALPHEUS THOMAS MASON. Baton Rouge, Louisiana State University Press, 1958. —xv, 250 pp. $4.95.

The two books here under review are important additions to the growing critical literature related to the Supreme Court's decisions of the past five years in the school segregation and civil liberties cases. Certain similarities of authorship and occasion furnish more than the usual reasons for reviewing the two together. Each author is a distinguished political scientist

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and Supreme Court biographer, Swisher of Taney and Mason of Brandeis and Stone. Each book grew out of an endowed lecture series, in Swisher's case the Stokes Lectures at New York University and in Mason's, the White Lectures at Louisiana State University. In each instance, the writer goes beyond mere description and analysis of past judicial events and suggests historical parallels relevant to today's constitutional crisis.

In *The Supreme Court in Modern Role,* Professor Swisher examines the work of the Court and the patterns of doctrinal development in three great areas of American constitutional law: control of subversive activities, the military's place in our governmental system, and judicial review of racially discriminatory state action. The author's interpretations are objective and discerning, and his views on the subversion and military-related cases are those of a thoughful liberal with an unusually deep grounding in the American constitutional tradition. Professor Swisher strives to achieve the same objectivity in his fifth chapter, entitled "Race and the Constitution", but his discussion here leaves this reviewer with certain doubts and dissatisfactions, of which two will be taken as illustrative.

It is to the *Dred Scott* decision that Professor Swisher turns, time and again, for a "warning lesson" that "remains with us" (p. 161). Against what does *Dred Scott* warn? Against "the tragic mistake of unnecessary judicial intervention in political controversies on which the people [are] fundamentally divided" (p. 18). How does this apply to *Brown v. Board of Education*? Let us first strike the word "unnecessary", as sheer question-begging, from Professor Swisher's formulation. This done, is it not at least arguable that the Supreme Court's great task is inevitably and precisely the decision of controversies—call them "political" if you will—on which the people are, in fact, "fundamentally divided"? Beyond this, has Professor Swisher taken sufficient account of the alternative hypothesis that the *Dred Scott* decision proved unacceptable, and hurt the Court's prestige as it did, not because of its faulty political strategy, but for the simple reason that its assumptions and its result were morally wrong?

Throughout his book, and not only in the segregation discussions, Professor Swisher seems handicapped by a certain confusion in his legal philosophy. At page after page, he assails "higher law" theories, "natural law" ideas, and the intrusion of absolutes into constitutional adjudication. Then, abruptly, he reverses his field and criticizes the Supreme Court for sharing in "the opportunism of our times" and for "a lack

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of concern about and commitment to what Walter Lippmann has called the 'public philosophy.'" Since Mr. Lippmann's "public philosophy" happens to be a rather murky statement of exactly the kind of "natural law" approach at which Professor Swisher's attack has so far been directed, one wonders just what Professor Swisher has in mind as a philosophical prescription to cure the Court's present ills. Certainly neither he nor the Court can play it both ways at once.

The Supreme Court from Taft to Warren traces the lines of constitutional development as they reflect changes in Supreme Court membership since Taft became Chief Justice in 1921. This reviewer confesses a certain exasperation with the current fashion of writing in terms of "Taft Court", "Vinson Court", and so on, since the resulting emphasis on one spotlighted personality gives insufficient account of the Court's collegial process of decision. But the usage is too well established to be demolished in a book review, and such labeling of Court periods is perahaps inevitable in an administrative age. Be this as it may, Professor Mason's lively new book restates certain themes familiar from his impressive and widely read biography of Stone. Hughes, of course, comes off very badly: undergraduate theme-forger, politician of vanity and calculation, master of obfuscation and decisional camouflage. Stone, in striking contrast, is the hero of the piece: sophisticated, realistic and creative in his thought, forswearer of high-pressure tactics and false good fellowship as techniques in Court personnel management. This reviewer, agreeing in substance with the high Mason appraisal of Stone, wonders why Professor Mason seems to believe that Stone's stature can be established only on the ruins of Hughes's judicial reputation.

The Mason debunking of Hughes seems biased and, in more than one instance, based on very dubious analysis of important Hughes opinions. A less self-confident analyst than Professor Mason might have hesitated to say that Robert Jackson, Francis Biddle and Noel Dowling all "overlooked" a certain true significance in Hughes's *Morehead v. Tipaldo* dissent. The reader who notes Professor Mason's analytical oversimplification at page 85—where he suggests that *Brown v. Houston* might have been a precedent favorable to the government in the *Schechter Case*, since "Congress had acted" in passing the National Industrial Recovery Act—will wonder whether Professor Mason is quite as competent in matters of case analysis as he indisputably is in matters of history and biography.

Exceptional interest attaches to certain passages in Professor

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Mason's book (pp. 200 *et seq.*) in which the author hits out at those who have been troubled by his use, in the Stone biography, of unpublished materials found in the late Chief Justice's papers. It would seem that Professor Mason insufficiently grasps the point that has been worrying such critics as Henry W. Friendly and Judge Charles Wyzanski. These are sophisticated critics, fully as "realistic" in their legal philosophies as Professor Mason, and their concern cannot be dismissed as based on any such fear as that the use of keyhole methods by Supreme Court biographers may "mar the Court as America's esoteric symbol of ultimate wisdom and eternal law" (p. 200). The fear is rather that withdrawing all screen of privacy from the Court's deliberations and interpersonal relations may have a disastrous effect on the candid expression of views at Court conferences and thereafter. It is no easy task to formulate a rule of thumb that will accommodate the demands of the Court's ongoing business with the demands of history. Might the answer be in the acceptance by biographers of a self-denying ordinance that a Justice's unpublished reflections on the views, competence and character of other Justices should not be put into print during the lifetime of the persons commented on, or at least during the time they remain on the Court and are so disqualified to reply?

HARRY W. JONES

COLUMBIA UNIVERSITY

The Common Law of Mankind. By C. WILFRED JENKS. New York, Frederick A. Praeger, 1958.—xxvi, 456 pp. $12.50.

Determined optimism is the keynote of this collection of essays by an Assistant Director General of the International Labor Office. In the development of international legal standards and institutions directly affecting individuals, and particularly in the growth of international organization, he sees the emergence of a "common law of mankind" to which the old definition of international law as a set of rules governing the relations of sovereign states no longer applies. In the appearance of many newly independent nations of non-European cultural antecedents, he perceives an opportunity for enlarging the basis of this "common law", enriching its content, and making it into a truly universal legal order. The author does not deny or overlook the many dangers and difficulties which face mankind, but he minimizes them. His faith in progress is undimmed.

The topics treated in the various essays include the scope

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and universality of international law; the impact of international organizations on international law; world organization and European integration; colonial policy; employment policy in international law; atoms for peace; Antarctica; activities in space; and craftmanship in international law. The chief value of the book lies in its emphasis on the great flexibility of legal techniques and the many legally feasible solutions available to policy makers faced with new problems. To some readers, it may bring increased awareness of the existence of vast areas of international relations which lie outside the scope of power politics. Some of the essays, notably those on Antarctica and outer space, are also useful as check lists of the legal problems that may yet arise.

The faults of the book stem mostly from the author's optimism and legalism. Much is made of solemn declarations and paper obligations, sometimes with little regard for practical results. The achievements of international institutions are presented in the rosiest possible light, while failures and shortcomings are ignored or played down. There is little recognition of the existence of many real and intractable conflicts of interest in the international society, or of their rôle in imposing severe limitations on the powers and activities of international organizations. There is no attempt to identify or analyze the political forces favorable or detrimental to the formation of a world-wide consensus without which a "common law of mankind" is hardly thinkable. Despite frequent mention of the importance of social and economic factors in the evolution of law, the development of universally recognized "general principles of law" is treated very largely in terms of conceptual similarities among the various legal systems of the world. These systems are rather superficially surveyed without much regard for their relative importance or for the differences between the societies which have produced them. Much significance is attached, for example, to the absence of the concept of absolute sovereignty in such "major legal systems" as the ancient Chinese, the ancient Hindu, the Jewish, and the Melanesian. Soviet law receives hardly more attention than the law of the Ashanti.

Doctor Jenks does not present a well-balanced appraisal of the prospects for a world legal order. He deals with theoretical opportunities rather than historical probabilities. Nevertheless, his essays will be welcomed by many international lawyers as an example of creative legal imagination and an affirmation of its importance to human progress.

OLIVER J. LISSITZYN

COLUMBIA UNIVERSITY

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The Representative Republic. By FERDINAND A. HERMENS. Notre Dame, University of Notre Dame Press, 1958.—xiv, 578 pp. $7.50.

"Representative Government is on its trial," said Prince Albert more than a century ago and was promptly accused of preferring the forms of the Russian autocracy to those of a free constitution. Today we are not quite so confident as the Prince's critics that our own method of making and administering laws possesses every virtue; we are not quite so ready to insist that the trial has long since ended in our favor on all the counts. History has confronted us with a mass of evidence exhibiting the faults of particular democracies, and some of these faults are manifestly inherent in the republican form of government itself. If we confine our view to the United States, Great Britain and some of her commonwealths, Scandinavia, and the Benelux countries, we may say that, here and for the time being, the advantages of the constitutional system counterbalance its disadvantages. But how are we to answer the general charge that republics are of necessity precarious—that their intrinsic vices are fatal, in the first instance, to their efficiency and, in the last, to their existence?

Professor Hermens is well qualified to plead, in our behalf, to the heavy indictment. Trained as an economist and political scientist in the universities of Germany, France, England and the United States, he has made the study of governments and the forms of government his special province. His competence to speak and his right to be heard on this subject have been amply demonstrated in his previous books, many of which must be familiar to the readers of this QUARTERLY.

The present work is divided into two parts. The first contains a general discussion of the conditions prerequisite to the successful functioning of constitutional government. Matter, form and policy must be right. Not every country is capable of democracy: suitable building materials must be present before the structure can be built. Not every democracy is rightly constituted; the best materials can be badly put together. Not every well-constituted democracy is well managed; a mistaken policy may put an end to the best ordered of governments. But granted in any society a certain level of morality, intelligence and economic organization, and granted also the absence of any fatal political errors, there is no reason why a democracy should not answer all the ends of those who ordain it. Everything will depend upon its form. If its institutions are anar-

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chical, instability, injustice and confusion will be introduced into the public councils. On the other hand, if the machinery of government is so designed as to control the effects of faction, these dangers will be obviated and more regard will be paid to the public good. In developing this theme Professor Hermens on almost every page acknowledges his obligations to the authors of *The Federalist*.

Part Two will perhaps be of even greater interest to the general reader. It contains a detailed discussion of the actual workings of parliamentary and presidential government in Great Britain, France, Germany, Italy and the United States, and a more fragmentary analysis of the difficulties which oppose the establishment of democratic institutions in Asia, Africa and Latin America. Professor Hermens is well aware that the worth of a constitutional system greatly depends on the sort of electoral system that goes with it. Accordingly he devotes a great deal of attention, but scarcely too much, to the various processes by which the national legislatures have been chosen. The advocates of proportional or vocational representation will derive little comfort from his analysis, which proves, as nearly as such a proposition can be proved, that the best means to extract a legislative body from the mass of the people is by direct elections in single-member constituencies.

In a work of this magnitude it is inevitable that a few errors will catch the eye of the critic. None of them appear to be of importance.

In conclusion, it may be proper to observe that this book ought not to be considered as a book of reference to be consulted on particular topics. Intended as an entire and synoptical work, it should be read as a whole. For it is the object of the author to show that the future does not necessarily lie with authority; that, if republican governments are properly formed, they can pass triumphantly through their present trial.

LUCIUS WILMERDING, JR.

PRINCETON, N. J.

Interest Groups on Four Continents. Edited for the International Political Science Association by HENRY W. EHRMANN. Pittsburgh, University of Pittsburgh Press, 1958.—xiv, 316 pp. $6.00.

Evidence of the current and growing interest of political scientists of other countries in developing a systematic study of interest groups is found in this important book, based on a

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round-table conference held at the University of Pittsburgh in late 1957. A number of distinguished scholars from fourteen countries participated in the conference sponsored by the International Political Science Association. Reprinted here are excellent country reports of nine countries, and the proceedings of the round-table discussions. Henry W. Ehrmann ably edited the volume and provided the introductory working paper.

The purpose of the conference was to stimulate a comparative analysis of pressure groups comparable to those already undertaken in the areas of political parties and public opinion. According to the editor, success in such an analysis would provide clues to the dynamics of the political process and eventually lead "to a more adequate conceptual framework for the analysis of politics in general." That the conference succeeded to a modest extent in this ambitious undertaking is reflected in the reports and debates themselves.

To provide a basis for comparison, the editor suggested to the national *rapporteurs* and discussion participants a functional breakdown of the material into identification and description of interest groups; the relationship of interest groups to the political process, public opinion, political parties, the legislative process, and the executive; and finally the theory of interest groups. Not unexpected similarities and differences emerge from the reports. To illustrate, techniques of seeking access to the executive coincide in, say, Australia and Finland, but techniques of financial assistance to parties do not coincide in Western Germany and Yugoslavia. To readers familiar with activities of pressure groups in the United States and in Western European countries, the reports from other areas of the world will be the most illuminating.

A case in point is the rôle of interest groups in a one-party state with a socialist economy such as Yugoslavia. Theoretically in such a state there would be no need for the leadership to worry about countervailing interests. But they do exist, even though Professor Djordjevic, of Yugoslavia, tends to minimize their differences. Despite dramatic economic experiments, a monolithic façade cannot obliterate all the traditional and explosive conflicts between industry, agriculture and other sectors of the economy.

What are the most significant facts which emerged from the round-table discussions? Aided by the brilliant essay on theory and methodology, by Professor Eldersveld of the United States, the participants bravely attempted to postulate certain generali-

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zations and conceptualizations, but after failing to agree on even a definition of interest groups they found it more profitable to limit themselves to an exchange of observations. They will again tackle the problem of variables in pluralistic societies at a later international conference. Participants stressed the need for more empirical studies of interest groups in totalitarian systems and in areas of nationalist ferment. This volume may whet the appetite of scholars to engage in research along these lines. If it does, then the conference must be judged successful. But in any case this work marks a signal and pioneering contribution to the comparative study of interest groups. It should be read by all those interested in the dynamics of politics.

GERARD BRAUNTHAL

UNIVERSITY OF MASSACHUSETTS

The Study of Comparative Government and Politics. By GUNNAR HECKSCHER. London, George Allen and Unwin, Ltd., 1957; New York, The Macmillan Co., 1958.—172 pp. $4.25.

This brief and useful book is the report of a round-table conference on teaching and research in comparative government held by the International Political Science Association in Florence in April 1954. It is the most recent of a series of methodological discussions of comparative government which have been held since the end of World War II, all of which reflect dissatisfaction with the state of the field, and which recommend the use of more systematic comparative methods.

Professor Heckscher's book is more than a report of the five or six days of round-table discussions. He has created a kind of order out of the proceedings and has offered solutions for many of the problems which the discussions left unresolved. His analysis proceeds speedily through general methodological and theoretical problems, classification, typology, the configurative approach, and principles of comparison, and concludes with a series of discussions of specific institutional comparisons such as nationalized industries, the control of foreign policy, electoral systems, political parties, and revolutionary movements.

Heckscher's comments on these theories are forward-looking, prudent and modest. Perhaps it was unfortunate that his report was bound, to the extent that it was, to the range of topics treated at the round table. These were large and classic themes, and while it is useful in the oral exchange of a conference to deal with such themes briefly and allusively, one expects more of a book. The brief discussion of the applications

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of the scientific method to the study of comparative government leaves one with the feeling of having been fed on appetizers. The effort to report on all or most of the topics covered in the discussions deprives the book of focus and economy. The most interesting observations are to be found in three brief chapters—one on the "Configurative Approach", one on "Area Studies", and one on "Institutional and Functional Comparison".

Here in these three chapters are the elements of a comparative methodology which Heckscher has only partly explicated. In rejecting the notion that political science can be a configurative discipline, he points out that "there seems to be little or no material to support any general theory permitting us to use either the analytical or the configurative approach to the exclusion of the other" (p. 46); and, later in the same chapter, "Using the configurative approach in political science, then, means that we base our comparisons on a study of the political system as a whole, not only of particular institutions. But in fact it takes us much further. We cannot stop at political institutions only but must make use of an interdisciplinary approach" (p. 51).

In his later discussion of "institutional" and "functional" comparison he comes close to but definitely misses a statement of the interrelations of the institutional and functional approaches,

> the institutional approach deals with the structure and working of a particular institution, such as a legislature, whereas the functional problem is concerned with the development of certain functions, for instance the methods of legislation. Very frequently the same problem appears under both aspects; the institution of the legislature can be understood only in its relationship to legislation; whereas the problem of legislation is very largely connected with the working and structure of the legislature. But there is no identity: the legislature may have more important functions than that of legislation, and part of the legislative process may take place within the framework of the executive.

What Heckscher fails to grasp is that it is impossible to describe an institution except in functional terms, whether these be normative functions (that is, legal powers) or real ones, which may or may not coincide with the normative ones. He also fails to see the relation between the institutional, functional and configurative, or "whole system", approaches. Actually they are all essential elements of a single behavioral and probabilistic approach to the study of political systems. Political

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systems consist of given probabilities of performance of political functions by political structures or institutions. The configurative aspect is the *pattern* of performance of function by structure.

What is exciting about this book and about the earlier pamphlet by Roy Macridis on "The Study of Comparative Government" is that they reflect a tendency on both sides of the Atlantic toward a genuinely systematic and scientific approach to the study of comparative politics, and that this tendency holds great promise for the development of a science of politics. Again Heckscher comes close to, but does not quite make explicit, the fact that the essence of the comparative method is the search for laws about relations. For the political scientist the comparative method is the closest approximation to the control of the laboratory experiment. If he cannot control variables in a laboratory in order to determine their consequences, he can seek cases "in nature" in which these variables appear or fail to appear, or appear in differing proportions. Because it is impossible, as Heckscher points out, to hold all variables but one constant, the results of comparative political analysis will always fall short of the precision of the laboratory sciences. But if we cannot attain the precision of natural science, we can realize the potentialities for precision in political science, a condition which we are far indeed from attaining today, and which a more deliberate and systematic use of comparative methods may help us attain in the future.

GABRIEL A. ALMOND

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Soviet Marxism: A Critical Analysis. By HERBERT MARCUSE. New York, Columbia University Press, 1958.—271 pp. $4.50.

An effective critique of Soviet Marxist theory, Dr. Marcuse argues, cannot proceed by applying the traditional criteria of philosophic truth, since an essential claim of Marxist theory from the beginning was that it altered the dimensions of thought and the relations between thought and action. To treat the Soviet developments of Marxism (that is, Leninism, Stalinism and post-Stalin trends) as if they were philosophy or sociology in the traditional sense of those disciplines is therefore to miss their peculiar logic, and, more important, to neglect their actual function in the determination of Soviet policy.

Dr. Marcuse attempts instead an "immanent critique". He examines Soviet Marxism on Marxist premises. He argues that

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Soviet Marxism "is not merely an ideology promulgated by the Kremlin in order to rationalize and justify its policies but expresses in various forms the realities of Soviet developments" (p. 1), "that Marxian theory plays a decisive part in the formulation and execution of Soviet policy" (p. 11). He finds "a historical dynamic" by which the theory, "once incorporated into the foundational institutions and objectives of the new society . . . surpasses the intentions of the leadership"; to this dynamic "the leadership itself is subjected—no matter how autonomous and totalitarian it may be" (p. 9). The dynamic arises from the " 'anomalous' constellation" of forces set up by the decision (made by 1923) to build a socialist society coexistent with rather than subsequent to capitalist society. Ever since then, Soviet theory and policy have been dominated by these forces, and Dr. Marcuse finds a remarkable constancy, in both theory and policy, underlying all the shifts and turns of the last thirty-five years. He does indeed find a change in the last few years, but the timing "was not a matter of discretion by the Soviet leadership, nor was Stalin's death the decisive factor" (p. 77). The change was imposed by the dynamic of Soviet development. The strenuous and constant endeavor (required by the logic of Marxism) to make the Soviet system productively strong evoked, by its success, both a consolidation of capitalist nations and, within each, a permanent war economy which has prevented the ripening of contradictions and so forestalled capitalist collapse. Thus the very growth of Soviet strength has given new life to the capitalist world. The Soviet's only way out of this impasse is to relax its aggressive strategy, so allowing the capitalist world to revert "to that 'normality' in which the internal contradictions are supposed to ripen and ultimately to explode" (p. 77). Dr. Marcuse argues that this relaxation had become possible, and was seen to be possible and necessary, some time before the end of the Stalin period; that there has been a trend toward relaxation ever since: and that it is going to continue. Relaxation is required in the internal as well as external relations of the Soviet state; hence a liberalization of the régime, including a decline in the power of the bureaucracy, is to be expected.

Dr. Marcuse's analysis in depth gives these conclusions a remarkable solidity. It enables him to demonstrate that Soviet theory and policy are determined by (a) the inescapable commitment of any conceivable Soviet leadership to Marxism, and hence to the transition from socialism to communism, and (b) the viability of the capitalist world. It enables him also to

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make sense of absurdities in Soviet theory, by showing them as reflections of the "absurdity" of the historical situation. He points out, for instance, that Soviet ethics, notably the ethics of labor and leisure, has to express simultaneously the requirements of the several stages that are telescoped into one stage of Soviet industrial development. "Soviet social philosophy reflects throughout the objective historical contradiction inherent in Soviet society—a contradiction generated by the fact that the principles of socialist economy were made into an instrument of domination, to be applied to a backward country confronted with a far more advanced capitalist world" (p. 241).

Space does not permit mention of many other insights to be found in Dr. Marcuse's work. Nor apparently did space permit him to develop them as he might have wished; there are marks of severe compression, there is discontinuity, and the style sometimes obscures the thought. These blemishes were probably unavoidable. What is surprising, in a scholarly work of this order, is to find that the references for quotations from the *Manifesto* are to *House Document* No. 619. Is this now the most available edition in American university libraries?

C. B. MACPHERSON

UNIVERSITY OF TORONTO

The Vichy Regime, 1940-44. By ROBERT ARON, in collaboration with GEORGETTE ELGEY. Translated by Humphrey Hare. New York, The Macmillan Company, 1958.—vi, 536 pp. $7.50.

The strange interlude that was the Vichy régime in France has been, and may confidently be expected to continue to be, the source of much controversy. This book, first published in France in 1954, was motivated by a desire to give an objective account of events with, in addition, the hope of helping put an end to internecine quarrels. The hope is unlikely to be so soon realized, for the Vichy episode and the controversy that surrounds it insert themselves only too well into the long-standing divisions of the French milieu.

Inevitably, the accidents of war and defeat placed the French situation in a novel context. There are two main aspects to the Vichy episode, external and domestic. The first of these understandably dominates the story, much of which consists of the record of Franco-German relations.

France had been cast, initially at least, in the rôle of bulwark of the anti-German coalition. Even after defeat at home the assets of empire and fleet left her some bargaining counters,

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hence a measure of power. The French were not alone in June 1940 in believing that Germany had won the war: either Britain would suffer a fate similar to their own, or at best find some accommodation for which France might indeed furnish the price. Treaties and promises mean little when conditions so radically alter. These were quite reasonable views, and De Gaulle's gesture of courageous faith could well appear to sober men as at best noble foolishness: it went largely unnoticed in France where instead Pétain, ancient and calm, the perfect father image, inspired well-nigh universal confidence. How best defend the French interest in the circumstances? If (in retrospect) British suspicion seems excessive, and Mers-el-Kebir unnecessary, they are also understandable. Might not conversely France secure better terms, possibly at Britain's expense, by collaborating with Germany?

Laval was the perfect instrument for the implementation of such a policy: profoundly distrustful of Britain, he let his feelings sway his judgment, yet can be credited with authentic patriotic motivation. Aron's judgment of him, as of many other personalities, is eminently balanced. Pétain displayed greater caution, though more because of temperament than as a consequence of deeper understanding. Having met Hitler with fair words at Montoire, he soon dismissed Laval; although Laval eventually returned, this episode is characteristic of the whole Vichy period: "the Marshal showed precisely what his attitude was to be: he had chosen not to choose . . . his policy was to be one of expediency" (p. 271). But also, according to Aron, "Vichy missed the only chance of rising to events", for Britain was not yielding.

In keeping with his limited and dimming lights Pétain was dedicated to the defense, then the resurrection, of France. Little aware of the forces of the modern world, he embraced the National Revolution with its slogan of "Work, Family, Country". The exceptional circumstances alone made possible the passage through unrealistic aberration that was the National Revolution, supported by a congeries of individuals who ranged from criminals to sincere idealists and men of high intelligence. This aspect of Vichy may serve as a reminder of the survival in our day of outmoded conceptions as well as of the fact that the *ancien régime* is repudiated by the French as a nation. The theory, or ideology, of the National Revolution was a hodgepodge and a jumble that did not constitute a respectable system of either philosophy, politics, or economics.

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The quality of this book is high and its availability in translation welcome. It may be read profitably in conjunction with Adrienne Hytier's just published *Two Years of French Foreign Policy: Vichy 1940-1942* (Geneva, 1958). The English version is a substantial condensation of the French original, on the whole adequately done, but showing some evidences of haste or carelessness in the English rendering.

RENÉ ALBRECHT-CARRIÉ

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BOOK NOTES

Alfred Deakin, whose vision, courage in crises, and abilities to reconcile conflicting views and to sway any audience kept him in the top rank of leadership in the Australian federal movement, became the first attorney general and three times the prime minister of the Commonwealth. He never revised or completed the lively story of his induction to political life that he dashed off in 1900—*The Crisis in Victorian Politics, 1879-1881: A Personal Retrospect,* edited by J. A. La Nauze and R. M. Crawford (Melbourne, Melbourne University Press, 1957, New York, Cambridge University Press, 1958; xv, 94 pp. $4.50). Born in Melbourne in 1856, a graduate of the University of Melbourne, and a barrister, he developed his talent for incisive writing as a young but responsible journalist, and continued throughout his public life to contribute articles at least weekly to newspapers. In 1900 he completed a longer memoir, published in 1944 as *The Federal Story: The Inner History of the Federal Cause,* focused on personalities and notable for its characterization and assessment of the dozens of men who played some part in the federal movement from the 1850's, all of whom Deakin knew. Sensitive to the needs of future historians, he intended to round out his reminiscences and later thought of writing a history of Australian federation. After his withdrawal from public responsibilities, broken health, and death in 1919, frustrated his plans and left history the poorer. Deakin's narrative of his rapid rise, as a very young man, to prominence in the stormy provincial politics of Victoria, and of his rôle in advancing mildly democratic reform in the "crisis" of 1879-1881, is neither egotistical nor excessively modest. His vigorous style and his skill in etching the character and personality of his associates hold attention, but his brief narrative of colonial politics will have value chiefly for historians interested in Victoria or in Deakin himself. Perhaps an edition of articles now buried in the files of the *Age* and the *Argus* (both Melbourne) and *The Morning Post* (London), together with some of his voluminous diary notes, will one day further substitute for the systematic and matured recollections that Deakin only projected.—ERLING M. HUNT, Columbia University.

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In *The House of Lords and Contemporary Politics, 1911-1957* (London, Routledge and Kegan Paul, 1958; xiii, 283 pp. 30/-) P. A. Bromhead, Senior Lecturer in Politics at Durham University, gives the first detailed analysis of the functioning of the House of Lords since the passage of the Parliament Act, 1911. That act was meant to be a temporary and provisional measure, but it has lasted, with certain changes, until today. In the meantime, the House of Lords has transformed itself from a mere barrier to progress into a second chamber that performs useful tasks exceedingly well. It discusses more topics, introduces and passes more amendments, criticizes more acts of government and debates more matters of policy, in each year, than it ever did before 1911. Unlike most representative bodies in the world, it may be said to do its work better now than it did fifty years ago. The explanation for this unexpected development is found by Mr. Bromhead only partly in the wisdom of the peers after 1914—their success in acclimating themselves gradually to the new era of universal suffrage, one in which a government may be formed by Socialists as well as by Conservatives or Liberals. Equally important are the changed location and character of political power in the twentieth-century British system. It is universally accepted now that the government, as distinct from the Parliament, must take decisions as well as implement them. It should take decisions in accordance with a general policy as approved by the electorate and in the light of public opinion as expressed through many channels of which Parliament is only one, even if still the most important one. Both the Commons and the Lords have had to adjust themselves to this new situation. They no longer accept or reject ministerial projects so much as discuss the detailed provisions in them. This is a task the House of Lords is able to perform very well because of the rich backgrounds and expertness of its members and their relative freedom from sectional and party pressures. It is evident that Mr. Bromhead thinks well of the House of Lords. Nevertheless, he is not concerned with defending it so much as with explaining its operations. He describes in some detail its composition, its organization of business and its procedure. He shows how it dealt with the measures of the governments that were in office in the peacetime years, 1922-1939 and 1945-1956, and reminds us of the contrast between its behavior now and before 1914. He surveys the movement for reform, indicates his own belief that Left-wing representation ought to be increased and takes cognizance of the recent addition of life peers (which had been proposed although not yet passed when he

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wrote). The form of this book is not very inviting; perhaps too much is sacrificed to systematic presentation. A careful reading, however, shows it to contain many illuminating observations. It is a significant contribution to our knowledge of the way in which British institutions work.—T. P. PEARDON, Barnard College.

The value of any skillfully edited compilation of statistics is increased geometrically when it is kept up to date by successive publications. The appearance of the second volume of *America Votes: A Handbook of Contemporary American Election Statistics, 1956-57* (New York, The Macmillan Company, 1958; x, 465 pp. $12.50) offers such increased value to students of American politics, for by presenting the basic voting data for the years 1956 and 1957 it provides them with an authoritative series running back to 1946. Richard M. Scammon, who again edited the book for the Governmental Affairs Institute, has wisely adhered to the useful format originally designed for the series. In each state, county returns for the presidential election of 1956 show the total vote, the vote cast for the Republican, Democratic and minor candidates, the plurality, and the Republican and Democratic percentages of both the total and the two-party vote. The accompanying 1950 population figures are useful but, as the editor notes, in some cases seriously out of date. These election data are also given by ward or assembly district for all cities of more than 500,000 population, excepting, of course, Washington, D. C., and Houston, Texas, which contains no such subdivisions. Results of the senatorial elections of 1952, 1954, 1956, and 1957 and of the gubernatorial contests since 1955 are given in the same detail. Returns by district for the House of Representatives are provided not only for the 1956 elections but also for as far back as 1946 if redistricting has not altered boundaries. To the congressional district maps of the states and the ward maps of the principal cities the editor has added new or redrawn maps showing congressional district lines in four major urban areas—New York City, Northeastern New Jersey, Western Massachusetts, and Cook County, Illinois—in which district boundaries do not follow those of the wards. Another new feature of the second volume is the inclusion of 1956 and 1957 returns in state-wide primaries for president, senator, and governor and in district primaries for representatives. The data on the first three of these would be more useful if they were broken down by counties, especially in those states where the

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senatorial and gubernatorial races are decided in the primaries, but presumably the additional cost of such detail would be considerable. Even if it proves impossible to add these and similar refinements in subsequent volumes, the series will stand as the most complete source of election statistics in the United States. Its editor and its sponsors can take pride in a major contribution to the understanding of American politics.—DAVID B. TRUMAN, Columbia University.

EDITORIAL NOTE

In a letter received by the Editor, Mr. H. S. Ferns, of the Faculty of Commerce and Social Science of the University of Birmingham, makes the following comment on an article entitled "Parties and Voting in Canada" by Dennis H. Wrong, published in the POLITICAL SCIENCE QUARTERLY, Vol. LXXIII, No. 3, September 1958.

> "Mr. Wrong writes: 'Canadian political commentators, both academic and journalistic, are far too given to irresponsible pontificating about the meaning of election results. Already some are claiming that the Liberals are finished as a major party and may be replaced by the C.C.F. and that Conservative dominance is likely to be as long-lived as was the Liberal dominance in the past.' In a footnote Mr. Wrong cites me as a sole example of one who is allegedly guilty of 'irresponsible pontificating.' In the context of his reference to me Mr. Wrong implies that my prediction concerning the fate of the Liberal Party was deduced from the results of the election of 31st March 1958. In fact my article was written five months before the election in which the Liberals were so severely beaten and it was published in England three days before that election took place. My prediction was based on a careful historical and political analysis and its soundness has been in some degree confirmed by the election."

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